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TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFTREASUREISLAND.ORG

**TREASURE ISLAND DEVELOPMENT AUTHORITY
MEETING AGENDA**

March 9, 2011 – 1:30 P.M.

Room 400, City Hall
1 Dr. Carlton B. Goodlett Place

GOVERNMENT
DOCUMENTS DEPT

MAR - 4 2011

DIRECTORS

Claudine Cheng, *President*

Mark Dunlop

Larry Mazzola, Jr.

Jean-Paul Samaha, *Secretary/VP*

Larry Del Carlo

John Elberling, *CFO*

Linda Richardson

Supervisor Jane Kim (*Ex-Officio*)

SAN FRANCISCO
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Mirian Saez, Director of Island Operations
Peter Summerville, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. General Public Comment (*Discussion Item*) *This item is to allow members of the public to address the Treasure Island Development Authority Board ("Authority Board") on matters that are within the subject matter jurisdiction of the Authority Board and that do not appear on the agenda. In addition to General Public Comment, Public Comment will be held during each item on the agenda.****
Estimated Length of Item: 10 minutes
3. Reports
 - a. Report by Director of Island Operations (*Discussion Item*)
This item is to allow the Director of Island Operations to report on staff activities, on-Island events and to make announcements.
Estimated Length of Item: 5 minutes

- b. Report by Office of Economic & Workforce Development (*Discussion Item*)
This item is to allow the Office of Economic & Workforce Development to report on activities related to the transfer and redevelopment of former Naval Station Treasure Island.

Estimated Length of Item: 10 minutes

- c. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (*Discussion Item*)

This item is to allow the Treasure Island/Yerba Buena Island Citizen Advisory Board to report on activity at recent meetings of the Citizen Advisory Board.

Estimated Length of Item: 10 Minutes

4. Communications (*Discussion Item*)

Estimated Length of Item: 5 minutes

5. Ongoing Business by Board of Directors (*Discussion Item*)

Estimated Length of Item: 5 Minutes

6. **CONSENT AGENDA**

Estimated Length of Item: 5 minutes

All matters listed hereunder constitute a Consent Agenda, are considered to be routine by the Authority Board and will be acted upon by a single vote of the Authority Board. There will be no separate discussion of these items unless a member of the Authority Board so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

- a. Approving the Minutes of the February 9th, 2011 Regular Meeting and February 23rd, 2011 Special Meeting (*Action Item*)

7. Informational Presentation on the proposed Treasure Island Development Authority Fiscal Year 2011-12 Budget, Including Work-Orders and Memorandums of Understanding for Services with other City Departments and Professional Services Contracts and Agreements with Service Providers (*Discussion Item*)

Estimated Length of Item: 20 minutes

8. Treasure Island/Yerba Buena Island Redevelopment Project Entitlements and Transaction Documents Presentation, including: (i) Draft Disposition and Development Agreement, including the Schedule of Performance; and (ii) Draft Transportation Plan. (*Discussion Item*)

Estimated Length of Item: 45 minutes

9. Resolution Approving and Conditionally Adopting the Report to the Board of Supervisors on the Proposed Redevelopment Plan for the Treasure Island/Yerba Buena Island Redevelopment Project, Submitting Said Report and Proposed Redevelopment Plan to the Board of Supervisors and Consenting to a Joint Public Hearing with the

Planning Commission on the Proposed Redevelopment Plan (*Action Item*)
Estimated Length of Item: 15 minutes

10. Discussion of Future Agenda Items by Directors (*Discussion Item*)
Estimated Length of Item: 5 Minutes

11. POSSIBLE CLOSED SESSION

*****If approved by the Authority Board, this closed session item will take place for approximately 30 minutes at the end of the meeting*****

- a. Public comment on all items relating to closed session
- b. Vote on whether to hold closed session to confer with real property negotiators (*Action item*)

1). CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Persons negotiating for the Authority: Rich Hillis, Michael Tymoff,
Jon Yolles

Persons negotiating with the Authority: United States Navy, Treasure
Island Community Development LLC,

Property: Former Naval Station Treasure Island

Under Negotiation:

Price: _____ Terms of payment: _____ Both: X

- c. Reconvene in open session (*Action item*)

- i. Possible report on action taken in closed session under Agenda Item 11 (Government Code section 54957.1(a)(1) and San Francisco Administrative Code Section 67.12)

- ii. Vote to elect whether to disclose any or all discussions held in closed session (*San Francisco Administrative Code Section 67.12*).

12. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Development Authority Office, One Avenue of the Palms, Second Floor, Treasure Island, and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

If any materials related to an item on this agenda have been distributed to the TIDA Board of Directors after distribution of the agenda packet, those materials are available for public inspection at Treasure Island Development Authority, Building One, 2nd Floor, One Ave. of Palms, San Francisco, CA 941130 during normal office hours.

The Treasure Island Development Authority holds its regular meetings at San Francisco City Hall. City Hall is accessible to persons using wheelchairs and others with disabilities. Assistive listening devices are available upon request. Agendas are available in large print. Materials in alternative formats and/or American Sign Language interpreters will be made available upon request. Please make your request for alternative format or other accommodations to the Mayor's Office on Disability 554-6789 (V), 554 6799 (TTY) at least 72 hours prior to the meeting to help ensure availability.

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Lobbyist Ordinance

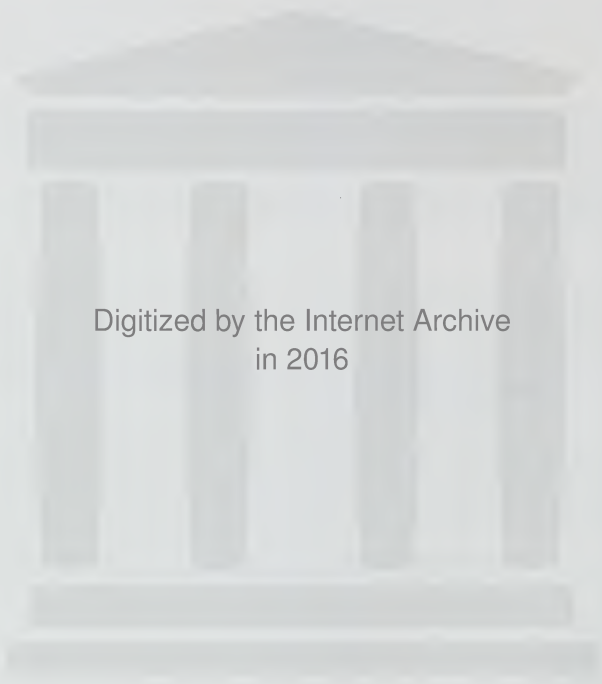
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Government's duty is to serve the public, reaching its decision in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact: Administrator, Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at 415 554 7724; by fax at 415 554 7854; or by email at sotf@sfgov.org.

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from the SOTF or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org>





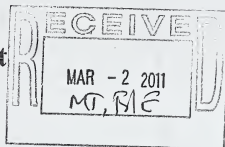
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**SAN FRANCISCO POLICE DEPARTMENT**

850 Bryant St
SAN FRANCISCO, CA. 94103
OFFICE #: (415) 553-1373
FAX # (415) 553-1073

**Fax Transmittal Sheet**

DATE: March 2, 2011

AGENCY: Treasure Island

FAV NUMBER: (415) 274-0299

ATTENTION: Marianne

SENT BY: Ofc. Larry Bertrand

PHONE #: (415) 553-7959

COMMENTS:

Marianne,

Please find attached the monthly stats for Treasure Island

Please call if you should have any questions.

Thank you.

Larry Bertrand

Number of pages, Including Cover Sheet: 2

[illegible]

Part 1 Crimes January, 2011

Assault 1
Burglary 0

Robbery	0
Sex Offenses	0

Homicide 0
Vehicle Theft

Arson 0
Larceny 1

Total 3

**Treasure Island Development Authority
Subleases and Permits Executed
Pursuant To Leasing Policy
As of March 4, 2011**

Location / Facility	Agreement Number	Leasehold Status (new / expired)	Company Name / Prospective Subtenant	Commencement Date	Leasehold Type	Sq. Ft.	Monthly Rent/ Permit Fee	Comments
Hangar 3	P-395	New	John McNeil Studio Inc.	2/14 – 2/17/2011	Commercial film production		\$10,500	
Avenue N, Ave 1	P-396	New	David Foster Photography	2/20/11	Still photo production		\$500	
Parking lot	P-397	New	Renegades Association of California	2/19/2011	Chinese New Year Parade warm-up		\$250	
Building 264	398	New	Digitrad Communications	3/1/11	Office, storage		\$2,600	
Exterior locations	P-399	New	Indigo Films	2/28/11	Television film production		\$1,000	



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To: Treasure Island Development Authority Board of Directors
From: Mirian Saez, Director of Island Operations
Date: March 4, 2011
Re: Use Permit and Film Permit Waivers and Reductions

The following waivers and reductions were granted for short-term Use Permits and Film Permits between February 5 and March 4, 2011

Waivers:

- San Francisco Police Department – Hangar 3, unoccupied Bayside Drive housing – February 9, 2011
- U.S. Department of Homeland Security – YBI Quarters 3 – 7 – February 22, 2011
- Berkeley Police Department – YBI Quarters 3 – 7, 240 – February 24, 2011

Reductions:

- John McNeil Studio – Hangar 3 – February 15 - 18, 2011
- Renegades Association of America – Hangar 3 parking lot – February 19, 2011



To: Mirian Saez
From: Marianne Mazzucco Thompson
Date: February 16, 2011
Re: Graffiti on Treasure Island

A handwritten signature in dark ink, appearing to read "Marianne Mazzucco Thompson", written over a light blue rectangular background.

During the latter half of 2010 TIDA staff, Job Corps staff and Treasure Island residents noticed an increase in graffiti around the Island. Graffiti vandalism is an epidemic that erodes the quality of life for our community. If left unabated, graffiti spreads and tends to attract other forms of blight and criminal behavior to the community. Graffiti is costly. It is estimated that it costs the City and County of San Francisco \$20 million dollars each year. While some individual believe that graffiti is art, the difference between graffiti and art is permission.

To better understand this form of vandalism and to create a comprehensive program to eradicate, TIDA staff met with representatives from the San Francisco Police Department's (SFPD) Gang Task Force (GTF) on November 9, 2010. GTF reviewed the graffiti and provided us with useful information about the three categories of graffiti: gang tagging, hate crimes, and random tagging.

In December of 2010, TIDA Staff met with Officer Christopher Putz of the SFPD Graffiti Abatement Team. Officer Putz suggested the following approach to deter the incidents of graffiti:

- Create a Graffiti Reporting Hotline and advertise it Island-wide.
- Write a letter to all residents encouraging them to report graffiti, especially if they witness someone in the act. The letter shall also serve to inform our residents that graffiti is a crime.
- Once graffiti is discovered, photograph it and then remove it immediately. Copies of the photographs are to be sent directly to Officer Putz for review and potential action.

Since January, TIDA staff has been aggressively inspecting the Islands and following the SFPD Graffiti Abatement recommendations. The Graffiti Hotline has been created and published in the most recent newsletter.



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To: Mirian Saez, Director of Island Operations
From: Marianne Mazzucco Thompson
Date: February 10, 2011
Re: Scheduling of TIDA Board On-Island meetings



In January of 2006, the Treasure Island Development Authority Board (TIDA) verbally committed to hosting an annual on-island Board meeting. The commitment was never memorialized in a document or a resolution. In August of 2006, TIDA held its first on-island Board meeting. The meeting was held on its regular day but in the evening. Project staff spent approximately four weeks performing outreach to residents, commercial tenants and service providers in preparation for the meeting. Post the August 2006 meeting, TIDA has maintained its commitment to hosting an annual on-island Board meeting. Today the on-island Board meeting has evolved into a meeting and reception to allow residents, commercial tenants and service providers an opportunity to gather and network.

On average, an on-island Board meeting costs approximately \$1890 in audio visual rentals. In addition, Wine Valley Catering donates food, refreshments, and staff time to set-up and monitor the facility. The approximated cost to Wine Valley Catering is \$3200. Furthermore, the on-Island Board meeting requires a fifteen day legal posting or notice for a change of location. Staff continues to outreach approximately one month in preparation for the meeting.

Currently, the Navy's Remediation Advisory Board (RAB) holds a total of six on-Island meetings on the third Tuesday of every other month at 7:00 p.m. On average, approximately one to three residents attend. TIDA staff holds six on-Island community meetings on the third Wednesday of every other month at 6:30 p.m. On average, five residents attend that meeting. At present, the Citizen's Advisory Board (CAB) holds their monthly meetings at City Hall. The CAB has held meetings on-Island but with minimal resident turnout. Recently after an on-Island CAB meeting in which a resident was confrontational, the CAB decided to hold their meetings at City Hall where there is security.

There are ten scheduled TIDA Board meetings calendared per year with intermittent resident attendance, depending on the agenda and Island issues. The on-Island meetings which had the highest resident turnout of late are the TIDA-hosted redevelopment meetings in which Staff updated the residents and sought input on the Transitional Housing Plan. On average these meetings had 30 to 40 residents in attendance.

TIDA Staff recommends that: 1) an Annual Meeting Calendar be adopted at the July TIDA Board meeting; 2) that two of the monthly meetings be held on-island; and 3) that the on-island dates be the November and April meetings. This will enable Staff adequate time to perform outreach and to meet the legal posting requirements.

CITY & COUNTY OF SAN FRANCISCO



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

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SAN FRANCISCO, CA 94130
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WWW.SFGOV.ORG/TREASUREISLAND

February 16, 2011

Dear Treasure and Yerba Buena Island Resident,

As we head into a new year on Treasure Island, I would like to take this opportunity to reach out to our residents and reaffirm TIDA's continued commitment in addressing quality of life issues. In 2010, our improvements projects included: repaving the Treasure Island Causeway, the Main Entrance and Avenue of the Palms and installing bollards along the waterfront. These improvements completed the Western Promenade project and complimented the work we started earlier to improve the Front Gate Entrance Area. This past month we implemented our Vegetation Management Plan which removed hazardous trees from Yerba Buena Island, and made repairs to the playground. Our goal is to keep the Island attractive with an emphasis on public safety during this interim period.

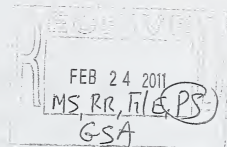
Regarding the appearance of the Island, lately we have noticed an increase in graffiti, some disturbing. Graffiti is an epidemic that erodes our quality of life. If left unabated, graffiti spreads and tends to attract other forms of blight and unwanted behavior to our neighborhoods. TIDA takes this noted increase in graffiti very seriously. Each day DPW staff is dispatched to locations on the Island for graffiti removal. However, we need your assistance. If you see any graffiti or witness someone tagging or defacing property on the Island, please report it to TIDA at 415-487-4841. This is our new graffiti hotline number. It is important to know that any person who defaces property is guilty of a crime, punishable by imprisonment, community service and/or fines. Damages of more than \$400 may be treated as a felony, even if the vandal is a minor. Further, parents are financially responsible for the criminal misconduct of their children.

My staff and I look forward to working with you on improving the Islands' quality of life. As residents, you are our best source of information by pointing out needed repairs and maintenance issues. If you see any problems as you travel around the Island, please contact the TIDA office at 415-274-0660 and report them. We thank you for all of your support and look forward to a safe 2011.

Sincerely,

A handwritten signature in black ink, appearing to read "Mirian Saez", written over the word "Sincerely,".

Mirian Saez
Director of Island Operations



MEMORANDUM

To: Mirian Saez, Director of Operations, Treasure Island Development Authority

cc: Suzanne Wood, Edison Capital Jack Gardner, JSCo Ned York, JSCo
John Stewart, JSCo Loren Sanborn, JSCo Connie Le, JSCo
Paula Schlunegger, JSCo Lynny Lee, JSCo

From: Michael Smith-Heimer *MSH*

Date: February 22, 2011

Subject: Percentage Rent for Treasure Island Housing Project Sublease for January 2011

Enclosed is our payment of Percentage Rent in the amount of \$398,862 for the January period, calculated per the sublease agreement. This figure is based on the accompanying attachments. You should note that these expenses reflect a suspension of reserve funding as outlined in the sublease requirements but continue to include accrued funds to pay Possessory Interest charges of the property.

Calculation of Funds Available for Distribution

TIDA receives 95% revenues remaining after adjusting gross revenues by operating expenses, current accretion due and the repayment of ledger balances based on sublease specifications. Funds expended for replacement reserve eligible items are expensed in the period expenses are recognized. To the degree that these costs are reimbursed from the replacement reserve account, percentage rent will be adjusted in the period that the reserve draw is approved.

For the month of January 2011, Actual Total Revenues were 8.9% above Budgeted Total Revenues while Actual Total Operating Expenses were below Budgeted Total Operating Expenses by about 7.7%. The result was that Funds Available for Distribution were above budget by about 36.2%.

Calculation of Percentage Rent

Based on operations, a total of \$419,855 in adjusted Gross Revenues after costs of operations are available for distribution for the January period. These revenues are distributed as follows:

<u>January 2011 Distributions</u>	<u>Actual</u>	<u>Budgeted</u>
Available for Distribution	\$419,855	\$308,275
Percentage rent for TIDA	\$398,862	\$292,861
Percentage rent for JSCo	\$20,993	\$15,414

This percentage rent breakdown reflects the current year split by TIDA/JSCo. Beginning with April 2005 disbursements, TIDA receives 95% of revenues after expenses, while the John Stewart Company percentage is 5% of the amount.

[illegible]

[illegible]

COMPARISON TO BUDGET January 2011

	January				YEAR TO DATE			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Total Revenue	887,625	814,828	72,797	8.93%	887,625	814,828	72,797	8.93%
Marketing	2,977	9,565	(6,588)	-68.88%	2,977	9,565	(6,588)	-68.88%
Administrative	64,943	74,998	(10,055)	-13.41%	64,943	74,998	(10,055)	-13.41%
Utilities	120,473	117,030	3,443	2.94%	120,473	117,030	3,443	2.94%
O&M	157,950	167,109	(9,159)	-5.48%	157,950	167,109	(9,159)	-5.48%
EOY Reconciliation								
Tax Ins (inc. community room and finance exp)	33,977	34,550	(573)	-1.66%	33,977	34,550	(573)	-1.66%
Rent	47,765	48,301	(536)	-1.11%	47,765	48,301	(536)	-1.11%
Reserves	-	-	-	-	-	-	-	-
Replacement (excl. anticipated draw)	39,687	55,000	(15,313)	-27.84%	39,687	55,000	(15,313)	-27.84%
Total Expenses	467,770	506,553	(38,783)	-7.66%	467,770	506,553	(38,783)	-7.66%
Available for Distribution	419,855	308,275	111,580	36.19%	419,855	308,275	111,580	36.19%
Available for Distribution	419,855	308,275	111,580	36.19%	419,855	308,275	111,580	36.19%
TIDA	398,862	292,861	106,001	36.19%	398,862	292,861	106,001	36.19%
JSCo	20,993	15,414	5,578	36.20%	20,993	15,414	5,578	36.19%

Ent	Name -	Acct No	Account Name	Invoice	Date	P.O. Num	Reference	Net
TRI00	Villages at Treasure	7141-000	% Rent - TIDA	% Rent	2/23/2011		Jan11 % Rent	398,862.00
Payor: TREASURE ISLAND-RES.					Date	Check No.	Check Amount	
Payee: Treasure Island Dvlpmnt Authority					2/23/2011	010182	398,862.00	

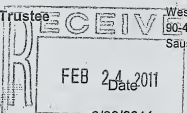
Retain this statement for your records

AP200707 (Rev. 01/08) www.cbs.com



TREASURE ISLAND-RES.
The John Stewart Company, Trustee
1388 Sutter Street, 11th Fl
San Francisco, CA 94109

WestAmerica Bank
90-4021/1211
Sausalito, CA 94965



Check No.
010182

Check Amount
\$398,862.00

Three Hundred Ninety Eight Thousand Eight Hundred Sixty Two AND 00/100 Dollars

Pay to the order of:

Treasure Island Dvlpmnt Authority
2nd Floor, Treasure Island
One Avenue of the Palms
San Francisco, CA 94130

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VOID IF NOT CASHED WITHIN 180 DAYS OF ISSUANCE

[Signature]

[Signature]

"10182" "1211402181" 0506928621"



**Treasure Island /Yerba Buena Island
Citizens Advisory Board
Meeting Agenda**

**Tuesday, March 8, 2011
6:00-8:00 PM**

**San Francisco City Hall, Room 305
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102**

For further information about the meeting please contact Jon Yolles at (415) 554-6129

- I. Roll Call
- II. Approval of February 15, 2011 CAB Minutes
(Action Item)
- III. TIDA Staff Updates (15 min) (Information Item):
 - a) Treasure Island Development Authority Board
 - b) Legislative
 - c) Development Schedule
 - d) Bay Bridge
 - e) Job Corps
 - f) Island Clean-Up
- IV. CAB Elections (Action Item)
- V. Treasure Island/Yerba Buena Island Redevelopment Project Entitlements and Transaction Documents Presentation, including (60 minutes) (Informational presentation only):
 - a) Disposition and Development Agreement/Schedule of Performance
 - b) Transportation Plan
- VI. Recommendation to TIDA Board to Approve and Conditionally Adopt the Report to the Board of Supervisors, Submission of the Report and Proposed Redevelopment Plan to the Board of Supervisors. (15 min) (Action Item)
- VII. Future Agenda Items (5 min) (Action Item)
- VIII. Announcements from Board members (5 min)
- IX. Public Comments (15 min)
- X. Adjourn

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Disability Access

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Treasure Island Website

Check out the Treasure Island website at www.sfgov.org/treasureisland to find out about activities and facilities on Treasure Island, special events venues for rent, or to review the Treasure Island Development Authority's agendas and minutes.

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NOTICE OF

(1) JOINT PUBLIC HEARING OF THE TREASURE ISLAND DEVELOPMENT AUTHORITY AND THE SAN FRANCISCO PLANNING COMMISSION ON THE CERTIFICATION OF THE FINAL EIR FOR THE PROPOSED REDEVELOPMENT PLAN FOR THE TREASURE ISLAND/YERBA BUENA ISLAND REDEVELOPMENT PROJECT

AND

(2) PUBLIC HEARING OF THE TREASURE ISLAND DEVELOPMENT AUTHORITY ON THE PROPOSED REDEVELOPMENT PLAN FOR THE TREASURE ISLAND/YERBA BUENA ISLAND REDEVELOPMENT PROJECT

NOTICE IS HEREBY GIVEN that the Treasure Island Development Authority ("TIDA") and the San Francisco Planning Commission ("Planning Commission") will hold a joint public hearing on April 7, 2011, at 5:30 p.m., or as soon thereafter as it can be heard, in the legislative chamber of San Francisco City Hall at 1 Dr. Carlton B. Goodlett Place, Room 250, San Francisco, CA 94102, to consider the certification of the Final Environmental Impact Report ("Final EIR") for the Treasure Island/Yerba Buena Island Redevelopment Project. At the day, hour and place of the hearing, any and all persons having any objection to the certification of the Final EIR may appear before the Planning Commission and TIDA and show cause why the Final EIR should not be certified.

NOTICE IS HEREBY FURTHER GIVEN that TIDA will hold a public hearing on April 7, 2011 at 5:30 p.m., or as soon thereafter as it can be heard, in the legislative chamber of San Francisco City Hall at 1 Dr. Carlton B. Goodlett Place, Room 250, San Francisco, CA 94102, to consider and act upon the proposed Redevelopment Plan ("Redevelopment Plan") for the Treasure Island/Yerba Buena Island Redevelopment Project ("Project"). At the day, hour, and place of the above hearing, any and all persons having any comments on or objections to the proposed Redevelopment Plan, or who deny the existence of blight in the proposed Project or question the regularity of any of the prior proceedings, may appear before TIDA and show cause why the proposed Redevelopment Plan should not be adopted.

NOTICE IS HEREBY FURTHER GIVEN that Owner Participation Rules adopted by TIDA are available for public inspection at the office of TIDA located at One Avenue of the Palms, 2nd Floor, Treasure Island, San Francisco, California 94130 and at San Francisco City Hall located at 1 Dr. Carlton B. Goodlett Place, Room 448, San Francisco, CA 94102 or online at <http://sftreasureisland.org/Modules/ShowDocument.aspx?documentid=661>.

The general goals and objectives of the proposed Redevelopment Plan include:

(1) The acquisition and subdivision of real property to provide adequate sites for the development and construction of mixed use, recreational, commercial, residential and public facilities uses;

(2) The demolition or removal of certain buildings and improvements;

(3) The management of any property acquired by and under the ownership and/or control of TIDA;

(4) The installation, construction, or reconstruction of streets, sidewalks, walking paths, utilities, shoreline stabilization systems, parks, other open spaces, and other public improvements;

(5) The disposition of property for uses in accordance with the proposed Redevelopment Plan;

(6) The redevelopment of land by private enterprise or public agencies for uses in accordance with the proposed Redevelopment Plan;

(7) Subsequent to the initial disposition by TIDA of any land in the Project, the provision for participation in redevelopment by property owners within the Project and the extension of preferences to business occupants and other business tenants desiring to remain or relocate within the Project in accordance with owner participation rules adopted by TIDA from time to time;

(8) The rehabilitation by future owners, their successors, and TIDA of structures and improvements previously owned by the federal government;

(9) The provision of low and moderate income housing;

(10) The provision of job training and job opportunities for economically disadvantaged San Franciscans and others; and

(11) The remediation of areas contaminated by hazardous substances by the United States Government or other responsible persons or entities.

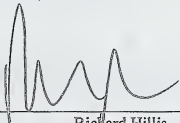
A map showing the general location in the City and County of the proposed Project is attached hereto as Exhibit A and made a part hereof. A copy of the legal description of the Project is available upon request, free of charge, at the offices of the Clerk of the Board of Supervisors of the City and County of San Francisco and TIDA, whose addresses are given below.

Interested persons may inspect and, upon payment of the costs of reproduction, obtain copies of the proposed Redevelopment Plan, TIDA's Report to the Board of Supervisors, and any other information pertaining thereto at the office of TIDA located at One Avenue of the Palms,

2nd Floor, Treasure Island, San Francisco, California 94130 and at the Office of the Clerk of the Board of Supervisors, City and County of San Francisco, located at City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, California 94102. The documents are also available online at <http://sftreasureisland.org/index.aspx?page=26>.

By order of TIDA.

Dated: March 3, 2011



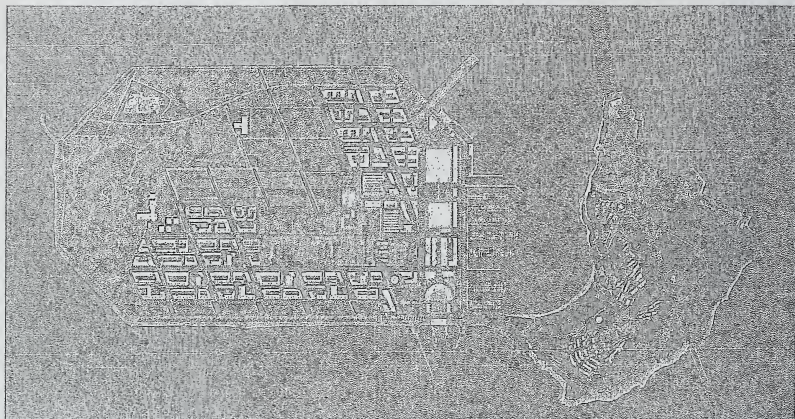
Richard Hillis
Director of Redevelopment,
Treasure Island Development Authority

Publication Dates:

March 9, 2011
March 16, 2011
March 23, 2011
March 30, 2011

EXHIBIT A

MAP OF PROPOSED PROJECT



BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

MEMORANDUM

Date: February 18, 2011

To: All Elected Officials
Mayor's Office
All Department Directors
All Advisory Bodies

From: Angela Calvillo *A. Calvillo*
Clerk of the Board
San Francisco Board of Supervisors

Subject: Ordinance Requiring Departments to Publish Online Public Notices

PURPOSE

The purpose of this memo is to inform you about new requirements approved by the San Francisco Board of Supervisors specifying how City Departments shall publish their Public Notices.

To be specific, on December 14, 2010, the Board approved Ordinance No. 318-10 amending Chapter 2 of the San Francisco Administrative Code by adding sections to Article XII that require: a) all City Departments to publish all their notices on their web site; b) the Department of Technology to establish a common directory of all public notices web pages; and c) the Clerk of the Board implement the provisions set forth in this ordinance. The full text of Ordinance No. 318-10 is available on the web: <http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/ordinances10/o0318-10.pdf>.

PROCEDURE

To comply with this newly enacted Ordinance we urge City Departments to quickly take the following actions.

1. Create a Public Notices web page on each of your respective Department's web site, including a link on the Department's Home Page. This web page should link

to all public notices issued by your Department. Departments may visit the following page (<http://www.sfgov.org/noticesample>) to see a simple Public Notices template page.

2. Once your Department's Public Notice web page is available online please notify the Department of Technology via email (webmaster@sfgov.org) as they are required to maintain a common directory of each Department's main public notice pages. The public will be able to access this city-wide directory by visiting the following page (<http://www.sfgov.org/notices>).
3. Create a link (<http://www.sfgov.org/notices>) on your respective Department's Public Notice page which would allow navigation for the public to get back to the SFGOV Public Notices page.

ASSISTANCE

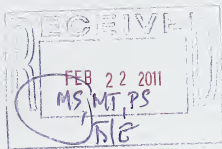
The Department of Technology will be glad to answer any questions your technical staff may have by contacting them by email (webmaster@sfgov.org). Special assistance is also available to all City Departments that use the City's main Vision Web Content Management System.

In the Office of the Clerk of the Board please contact Rick Caldeira, Legislative Director by calling (415) 554-7711.

c: Board of Supervisors



inspiring people to protect
the Area birds since 1917



February 17, 2011

Treasure Island Development Authority
Attn: Ms. Miriam Saez, Director of Island Operations
410 Avenue of Palms, Building 1
Treasure Island
San Francisco, California 94130

Dear Ms. Saez:

Thank you for granting permission for Golden Gate Audubon Society to count birds on your property as part of its 70th annual Oakland Christmas Bird Count, held on Sunday, December 19. We had a successful count, and the access you granted contributed to that success.

I am attaching an article from The Gull, our chapter's newsletter, a numerical summary of the count, and an historical summary of results from our "Treasure Island" area. Note that that area includes only the eastern portions of Treasure Island and Yerba Buena Island; more westerly portions of those islands are not within Oakland's count circle. Please contact the Count's co-compiler, Dave Quady, at 510-704-9353 if you have any questions.

We were pleased that reporters from the San Francisco Chronicle and from the on-line news site Oakland North joined teams and wrote about their experiences. You can read their articles at <<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/12/19/BA7C1GT0BM.DTL>> and <<http://oaklandnorth.net/2010/12/20/in-search-of-birds-during-oakland%E2%80%99s-70th-audubon-bird-count/>>

Also, the first few minutes of Michael Krasny's December 28 KQED FM Forum program discussed both the San Francisco and Oakland CBCs (with the date of the Oakland count inadvertently mis-stated). You can listen at <<http://bit.ly/ejQ0CI>>

Thank you again for granting access. We will contact you in October to request access for our next count, to be held on Sunday, December 18, 2011, and hope you will again grant us access.

Sincerely yours,

Mark Welther
Executive Director

Attachments: The Gull article, 2010 Oakland CBC Results, and Treasure Island historical results

2530 San Pablo Avenue, Suite G Berkeley, California 94702

phone 510.843.2222 fax 510.843.5351 web www.goldengateaudubon.org

Oakland's 70th CBC Succeeds Despite Rain

Intermittent rain overnight largely shut down predawn owling on December 19, 2010, and dampened—some say it soaked—daytime participants in Oakland's 70th Christmas Bird Count. But it surely didn't diminish their enthusiasm, or depress their appetites at the compilation dinner afterward.

As day dawned, 169 field observers spread out over Oakland's 15-mile-diameter count circle, while another 21 folks began to identify birds around their feeders and yards. Although there were 14 fewer observers in the field than in 2009, this year's birding parties put in very nearly as many hours and miles as the year before, and found two more species.

The rain and wind did affect results. One of our boats was unable to get onto the bay, the other was out for only two hours, and land bird activity was down markedly. Only 77,109 birds were counted, our second-lowest total since 1974 and less than half the number found in peak years of the mid-1970s. Waterbirds, whose numbers make up 50 percent of our total on average, naturally experienced the largest decline, but there were similar declines in percentage terms across other species groups, such as shorebirds and passerines.

Somewhat surprisingly, we found 177 species this year, one above our 20-year average. One reason: Of our "regular" 163 species—those recorded in at least eight of the last 10 years—we missed only two: Redhead and Western Screech-Owl. Two species that were new to the count, both found in Alameda, frosted the cake. A Yellow-billed Loon off Crown Beach was chosen at the compilation dinner as the count's best bird, and a female Baltimore Oriole found in Washington Park in late November obligingly lingered through count day.

Other notable finds included a Ross's Goose (in Oakland), 7 Snow Geese (in three different locations), a Black Scoter (Alameda Point), 18 Snowy Plovers (Alameda shoreline), a Tree or Violet-Green Swallow (Oakland airport), and a Black-throated Gray Warbler back for another winter (Emeryville's Heritage Square). Two species belong in the "by no means dependable, but sure glad we found them" category: Tufted Duck and Evening Grosbeak. Evening Grosbeaks occurred in many Bay Area locations this winter, and we're glad that one was detected in Tilden Regional Park on count day. A Tufted Duck, rare anywhere on the West Coast, has wintered on Lake Merritt most years since 1995. Also present there was the presumed male Hooded Merganser x Barrow's Goldeneye hybrid, first found in May 2004. An *Empidonax* sp. flycatcher, perhaps a Least Flycatcher, was seen in Tilden Regional Park before and after count day, but eluded field observers then.

Yard watchers made important contributions to the count again this year. Lincoln's Sparrow was found only by yard watchers—two of them—in the Oakland hills. And in the head-scratcher category, a yard watcher in Albany reported an *Amazona* sp. parrot, probably a Red-crowned Parrot.

This year the public was able to participate in the count vicariously while remaining warm and dry in their homes. A *San Francisco Chronicle* reporter and photographer joined the Berkeley waterfront team to describe the count for the next day's paper and on



Cabin Lou

Adult Ross's Goose found in Oakland's Middle Harbor Shoreline Park. The species has been recorded on seven previous Oakland CBCs, three in the last 10 years.

SFGate.com. A reporter from the online news site Oakland North joined the Lake Merritt team and posted her story the next day; it also appeared on the SFGate and the Bay Citizen websites. Nine days later, Dan Murphy was interviewed by Michael Krasny on KQED-FM's Forum program. The segment concentrated on the San Francisco CBC under way that day, but Michael and Dan also mentioned the Oakland count. We thank the area leaders and field observers who worked so well with the press, and thank the reporters for their fine work.

Oakland's compilation dinners are always fun, especially when the excellent dinner and warm room provide such a welcome contrast to the weather. Marsha Mather-Thrift made overall arrangements this year and at dinner was ably assisted by Pam Belchamber, Elinor Blake, Sophia Close, Jan Collins, Laura Gobbi, Mike Lynes, and Mark Welther. Della Dash produced an amazing array of bird-related merchandise for sale, helped by Pam and by Marj Blackwell. Our tasks as compilers again benefited from Stephanie Strait's support in many areas, and especially from the indefatigable leaders of our 29 count areas and the rest of the 190 CBC participants. We thank all of them (and anyone we inadvertently overlooked) for another successful count.

Looking ahead, we invite birders of every ability and age to mark their calendars for Oakland's 71st CBC: Sunday, December 18, 2011. See you then!

—Dave Quady and Bob Lewis, Compilers

DEPARTMENT OF TRANSPORTATION

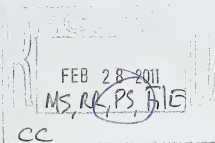
P.O. BOX 23660, MS 8-B
OAKLAND, CA 94623-0660
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*Flex your power!
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February 25, 2011

Owen Stephens, President
Treasure Island Development Authority
410 Ave. of the Palms, Bldg. 1, 2nd Floor
San Francisco, CA 94130



Dear Owen Stephens:

The San Francisco County Transportation Agency (SFCTA) and the California Department of Transportation (Caltrans) is pleased to provide you with the Draft Environmental Impact Report/Environmental Impact Statement (DEIR/EIS) and Draft Section 4(f) Evaluation for the Yerba Buena Islands (YBI) Ramps Improvement Project. Enclosed is 1 CD of the Draft EIR/EIS and the Notice of Availability.

Electronic files of this draft environmental document are also available online at www.dot.ca.gov/dist4/envdocs.htm or at <http://www.sfcta.org/content/view/516/311/>). A public informational meeting is scheduled for March 16, 2011 at the Port of San Francisco Office, in the Bayside Conference Room located at Pier 1, The Embarcadero, San Francisco, CA 94111 from 6:00 to 8:00 p.m.

The DEIR/EIS and Draft Section 4(f) will be available for a forty-five (45) day public review and comment period. Comments should be submitted by April 11, 2011.

If you have questions, please contact me at (510) 286-5231.

Sincerely,

MELANIE BRENT, Chief
District 4 Office of Environmental Analysis

cc: SFCTA



Notice of Availability and Request for Comment for Yerba Buena Island Ramps Improvement Project Draft Environmental Impact Report/Environmental Impact Statement

Date: February 25, 2011

To: All Interested Agencies, Organizations, and Persons

A Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS) has been prepared by the California Department of Transportation (Caltrans) and the San Francisco County Transportation Authority (the Authority) for the Yerba Buena Island (YBI) Ramps Improvement Project.

Caltrans is the lead agency pursuant to National Environmental Policy Act (NEPA) and the Authority is the lead agency, pursuant to the California Environmental Quality Act (CEQA).

Project Location and Description

YBI is located in the San Francisco Bay, approximately halfway between Oakland and San Francisco, and is accessible by vehicles only via the San Francisco-Oakland Bay Bridge (SFOBB), which is part of Interstate 80 (I-80). The SFOBB is a critical link in the interstate network, providing access between San Francisco and the East Bay. YBI and the SFOBB also provide access to Treasure Island (TI), which lies to the north of YBI. YBI and TI are accessed by on-and off-ramps located on the upper and lower decks of the SFOBB. The SFOBB and the associated on- and off-ramps provide the only land access to the active U.S. Coast Guard facilities located on the southern side of YBI. The proposed project is located between Post Mile (PM) 7.6 and PM 8.1 starting at the east portal of the YBI tunnel and ending before the SFOBB Transition Structure.

The proposed project would replace the existing westbound on-ramp and the westbound off-ramp located on the eastern side of YBI with a new westbound on-ramp and a new westbound off-ramp that would improve the functional roles of the current ramps.

The YBI Ramps Improvement Project is separate and independent of both the SFOBB East Span Seismic Safety Project currently under construction, and the Treasure Island and Yerba Buena Island (TI/YBI) Redevelopment Plan, which is currently undergoing its own independent environmental review process.

Project Purpose

The purpose of the proposed project is to improve:

- Traffic safety for drivers using the westbound on- and off-ramps
- Geometric design of the westbound on- and off-ramps on the east side of YBI to and from I-80
- Traffic operation levels of service (LOS) on the westbound on- and off-ramps.



Moving the City

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Draft EIR/EIS Overview

The Authority in cooperation with Caltrans has prepared a Draft EIR/EIS. The Draft EIR/EIS presents the environmental existing conditions, impacts from construction and operation of the alternatives, and suggested mitigation measures to reduce or eliminate adverse impacts.

The information is grouped by environmental impact category and a summary is provided of impacts and mitigation measures to reduce adverse impacts to less-than-significant levels. The project proponent would apply the mitigation measures during design, construction and operation of the facility.

The Draft EIR/EIS found that implementation of the proposed project would result in significant unavoidable environmental effects related to visual/aesthetics and cultural resources.

Document Availability and Request for Public Comment

The Draft EIR/EIS is being circulated for public comments for a period of 45 days.

The 45-day public comment period for the Draft EIR/EIS will commence on February 25, 2011 and conclude on April 11, 2011. Copies of the Draft EIR/EIS will be available online at <http://www.sfcta.org/content/view/516/311/> and available for viewing at these local locations:

Caltrans Transportation Library
111 Grand Avenue, Room 12-639
Oakland, CA 94612

Oakland Main Public Library
125 14th Street
Oakland, CA 94612

San Francisco Public Library
Government Information Center
100 Larkin Street
San Francisco, CA, 94102

To request a copy of the document please call Eric Cordoba at (415) 522-4806.

A public hearing will be held to take comments from interested parties on the Draft EIR/EIS. The public hearing will be held at the Port of San Francisco office, in the Bayside Conference Room located at Pier 1, The Embarcadero, San Francisco, CA 94111 on Wednesday, March 16, 2011 from 6:00 p.m. to 8:00 p.m. Please visit <http://www.sfcta.org/content/view/516/311/> for details on the public hearings.

Please submit comments in writing to the addresses provided below. Comment letters must be postmarked by April 11, 2011.

Eric Cordoba
Project Manager
YBI Ramps Improvement Project Comment
c/o San Francisco County Transportation Authority

100 Van Ness Avenue, 26th Floor
San Francisco, CA 94102
Phone: (415) 522-4806
Fax: (415) 522-4829

With a copy sent to:
Melanie Brent
Caltrans District 4 Office of Environmental Analysis
111 Grand Avenue
Oakland, CA 94623
Phone: (510) 286-5231
Fax: (510) 286-5600

Written comments may also be emailed to Eric Cordoba, eric@cordobaconsulting.com, with a copy sent to Melanie Brent, melanie_brent@dot.ca.gov.

All comments received in writing prior to the close of the public comment period, and any comments entered into the public record at the public hearing will be responded to in writing in the Final EIR/EIS.

The Authority and Caltrans will consider the public comments in concert with the information presented in the Draft EIR/EIS.



FINAL
Former Naval Station Treasure Island
Restoration Advisory Board (RAB) Meeting Minutes

Meeting #150

19 OCTOBER 2010

Community Restoration Advisory Board (RAB) Members in attendance:

Nathan Brennan, John Gee, Alice Pilram, Dale Smith

Department of the Navy and Regulatory Agency RAB Members in attendance:

James Sullivan (Navy)

Other Navy and Regulatory Staff and Consultant Representatives in attendance:

Scott Anderson (Navy)

Jessica Beck (Tetra Tech EM Inc. [Tetra Tech])

Pete Bourgeois (Shaw Environment and Infrastructure [Shaw])

David Clark, (Navy)

Tony Konzen (Navy)

Campbell Merrifield (Trevet Inc.)

Marcie Rash (Tetra Tech)

Tommie Jean Valmassy (Tetra Tech)

Public Guests

None

Welcome Remarks and Introductions

James Sullivan (Base Realignment and Closure [BRAC] Environmental Coordinator) opened the meeting, held at the Casa de la Vista (Building 271) on Treasure Island (TI). Mr. Sullivan noted the meeting handouts were available on the back table, including copies of the agenda (Attachment A.)

Public Comment and Announcements

Mr. Sullivan noted two public comment periods are included in the RAB agenda, one at the start of the meeting and one near the end, to provide members of the public an opportunity to comment on the Navy's environmental program at Former Naval Station Treasure Island (NAVSTA TI). Attendees are also encouraged to ask questions or make comments at any time during the meeting.

Mr. Sullivan announced that the Shaw TI team received a safety award for 4,000 calendar days without a lost time incident. He noted that is an impressive achievement, accomplished under the leadership of Pete Bourgeois (Shaw), and illustrates the emphasis on safety by the Shaw team.

Treasure Island/Yerba Buena Island Property Transfer Update and Finding of Suitability to Transfer

Mr. Sullivan provided his regular update on the status of property transfer, including the Finding of Suitability for Transfer (FOST). He noted there is a presentation, but no hard copies of the presentation. There are two hardcopy maps available as part of this presentation, Figure 4 from the FOST (Attachment B), and Figure 5 from the FOST (Attachment C). He said the presentation will be attached to the minutes from this meeting when they are finalized (Attachment K). He noted final RAB minutes are also put on the Navy's website, and all final minutes from 2005 through the present are posted. Dale Smith (RAB member) asked for a copy of the presentation before the minutes are finalized. She also noted there was no handout of the transfer presentation from the August RAB meeting and asked to receive that as well. It was decided that the August and October presentations will be emailed to the RAB members as a pdf file after this meeting.

Mr. Sullivan said Speaker of the House Nancy Pelosi, Navy Secretary Ray Mabus, and Mayor of San Francisco Gavin Newsom had signed an endorsement agreement on August 17, 2010 at a ceremony on TI. Property transfer (conveyance) has not yet occurred; it will occur in phases pending completion of the City's California Environmental Quality Act (CEQA) process and other environmental actions.

Mr. Sullivan reviewed the current status of the property. The Naval Station was disestablished on September 30, 1997, and the Navy's formal military mission ended on that date. Since that time, NAVSTA TI has been in caretaker status, and there is a Navy caretaker office located at Building 1 on TI. Portions of NAVSTA TI have already been transferred. The area that is the Job Corps was transferred to the U.S. Department of Labor. Some property on YBI was transferred to the Coast Guard, and some property was transferred by the Federal Highway Administration (FHWA) to the California Department of Transportation (Caltrans) for the existing and new Bay Bridge structures. The remainder of the NAVSTA TI property will be transferred to the Treasure Island Development Authority (TIDA).

Currently, TIDA operates TI and YBI under a cooperative agreement with the Navy. TIDA provides police and fire protection, and public works and utilities services. The Navy leases portions of the remaining Navy property to TIDA, and TIDA subleases that property to others for housing, recreation, businesses and special events. The Navy will do an initial property conveyance of some of the property, and then a follow-on conveyance. The property will not be transferred to TIDA all at once.

In order to complete the initial conveyance, the Navy must complete the 2010 FOST document. He noted that document was recently issued as a draft and the RAB members were sent a copy. He explained the City must also complete their CEQA process, so they have prepared a Draft Environmental Impact Report (EIR) that was issued for public comment. He noted the public comment period for the EIR is closed and the City is evaluating and responding to comments. The Navy must also prepare the Final Economic Development Conveyance Agreement (EDC). The endorsement ceremony held on August 17th endorsed the overall terms of the EDC. However, all of the details for the EDC must be prepared, including maps and real estate documents. That final package must be approved by the Navy headquarters and by the San Francisco Board of Supervisors.

In addition to the real estate documents, there are some environmental milestones the Navy must meet. The items that the Navy has committed to complete prior to the initial conveyance include:

- 1) Completing the Building 233 Final Status Survey Report – this will take several steps to complete including finalizing the work plan, performing the field work, and completing the report.
- 2) Completing the Site 21 final Record of Decision (ROD) – the Navy will not finalize the actual cleanup of this site because there is groundwater contamination that will take a number of years to finalize. However, the Navy will complete the ROD, which documents what the final remedy will be.
- 3) Conduct the remedial action and Remedial Action Completion Report (RACR) for Site 33 – the Remedial Investigation (RI) for Site 33 is done, and typically a Feasibility Study (FS) would follow along with a Proposed Plan and a ROD. The Navy strategized with the City and the BRAC Cleanup Team (BCT) to complete Site 33 so the City can use it for their initial development. Since Site 33 is similar in nature to Site 31, which has a signed ROD, the Navy will use the Site 31 ROD for Site 33 as well, and include an Explanation of Significant Differences (ESD). The Navy hopes to do the remedial action field work at Site 33 in 2011, and then write the RACR after that.

Ms. Smith asked if Site 33 is a petroleum site. Mr. Sullivan stated it is not; the source material for contamination is debris.

- 4) Revise the boundary for Site 27 Clipper Cove – part of the boundary for this off-shore site extends onto land, and that will be adjusted so the whole site is offshore. The City will have access to the shoreline sooner if the boundary is changed.

Mr. Sullivan stated those are the commitments the Navy has made in order for the initial conveyance of land to occur in late 2011. Another part of the initial conveyance is preparation of the FOST, which was issued draft on September 28th. Comments are due by October 27th. There will also be an addendum to the 2006 FOSTs because there have been additional actions completed within the footprint of the property since those FOSTs were finalized. Mr. Sullivan explained there were two FOST documents completed in 2006, one for TI and one for YBI, but there will only be one addendum document to cover both FOSTs. The additional work done in the FOST footprint includes encapsulation of electrical vault areas to address PCBs. Mr. Anderson stated that new information regarding Site 25 will also be included in the addendum.

Ms. Smith asked if there is a timeline for the addendum. Mr. Anderson stated there is no specific timeline yet, but it must be completed before transfer. The expected timeframe for completion is sometime in the middle of next year, perhaps in the spring.

Mr. Sullivan stated there are no plans for an early transfer. There will be future additional FOST documents as environmental actions are completed and property becomes ready for FOST. The schedule for completion of environmental actions is presented in the Site Management Plan (SMP) document, which will be finalized later this month.

Ms. Smith stated she has several FOST documents from 2006, and asked if those are now being replaced by the new FOST that is coming out. Mr. Sullivan stated there were only two FOST documents in 2006, so the other copies Ms. Smith has may be earlier drafts and she should only keep the final. They are not being superseded by the 2010 FOST. The overall FOST package will include a total of four documents: the two 2006 FOSTs, the one addendum to those, and the 2010 FOST, which is currently being reviewed.

Ms. Smith noted on page 2 of the 2010 FOST, discussing Parcel 4, there is a discussion about the transformer and switch box. The way it is written leaves the impression that the land around those items will be transferred, but that the Navy will retain the transformer and switch box. She asked if the whole parcel is being transferred. Mr. Sullivan stated that the whole parcel is being transferred, and the intent was not to imply the Navy would retain those items. Mr. Anderson stated he would note the comment and adjust the language in the FOST to clarify that the referenced parcel including the transformer and switch box will be transferred.

Ms. Smith stated she has additional questions about transfer, but not directly related to the FOST. She asked how the regulators will track institutional controls (IC), land use covenants (LUC) and engineering controls (EC). Mr.

Anderson stated once the FOST is signed, but prior to transfer, there will be language included in the deed about such restrictions, and the regulatory agencies will review that language. Ms. Smith stated people may try to do something that is prohibited by their deed, such as digging in their backyard, and she would like to know how the regulatory agencies will address that. She asked if there is any type of superstructure proposed by the regulatory agencies to monitor and enforce environmental deed restrictions. Mr. Sullivan stated the state of California does have a system to monitor and enforce ICs, and that he will get more information about it. He stated he will have more information about it at the next RAB meeting, in December.

Ms. Smith also asked for the definition of a CRUP, a term used in the FOST, and whether it is an IC, an EC, or something else. Dave Clark (Navy) stated it stands for covenant to restrict the use of property. LUC is synonymous with CRUP, and CRUP is considered the proper term, but LUC is a more common term. A CRUP (or a LUC) contains ICs and ECs. Ms. Smith stated she did not have any further questions or comments about the FOST and stated it is a clear, concise document.

Mr. Sullivan reminded the RAB that the Navy will be taking comments on the FOST through October 27, 2010. Mr. Anderson referred to the figure that was handed out (Attachment B) and noted there will be one change in the Final FOST. Site 30 is shown in the figure in the dark gold color, indicating it will be covered in this FOST. However, because of the short timeline to complete the FOST, the Navy will not be able to get the Site 30 property through the CERCLA process in time for the FOST to be finalized. There are some other sites on the map that are still going through the CERCLA process, such as Site 28, but they should be complete before the FOST is finalized and will not likely be removed from this document. Tony Konzen (Navy) stated that the Site 28 No Further Action ROD has been reviewed by the regulatory agencies and the Navy is finalizing their comments and the document.

Ms. Smith asked if Site 25 will be ready to include in the Final FOST. Mr. Anderson stated it will; however, it remains to be determined whether there will be any restrictions on reuse at the site. The Navy is collecting additional soil gas samples. Based on the results of those soil gas samples, the Water Board may want restrictions, but either way the site will be closed.

Ms. Smith asked why, according to the figure, the area around Building 233 is not covered in this FOST. Mr. Sullivan stated the final status survey for Building 233 will also include the area around the building. He noted the BCT asked if the area around the building needs to be as large as it is, and the Navy is currently looking into that issue. The answer in part is that the FOST is made up of Environmental Baseline Survey (EBS) parcels, which are fairly small in size, and

the Navy tried to keep those boundaries. So if part of an EBS parcel is not ready for this FOST then none of that EBS parcel will transfer.

Site 12 Removal Action and Access Update

Mr. Sullivan introduced Pete Bourgeois (Shaw) to provide an update on the Solid Waste Disposal Areas (SWDA) removal action at Westside Drive within Site 12, (TI Housing Area) (Attachment D). Mr. Bourgeois stated the Shaw team has not done any field work at Westside Drive for some time, and the map of progress is the same map that was shown to the RAB in August. Most of Westside Drive has been excavated to a depth of 4 feet, some to a depth of 5 feet. Currently the team is waiting for comments on several documents and is in the process of producing other documents that must be approved before Shaw can resume field work.

Mr. Bourgeois stated the next phase of work will be radiologically scanning the three buildings that will be demolished: Buildings 1123, 1319, and 1321. After the demolition Shaw and the Navy will determine the plan for excavation of the area.

Mr. Bourgeois stated most of the current field work efforts have been at Building 233. As mentioned earlier, this is a critical location for property transfer. The Shaw team has been addressing the radiological issues at that building.

Shaw recently received Navy comments on the Site 12 Final Status Survey Master Plan, and they are addressing those comments and will resubmit the document to the Navy. Shaw also submitted the Building 1321 Hot Spot Removal document to the Navy for review. In addition, Shaw is currently addressing Navy comments on the Work Instruction for Buildings 1123, 1319, and 1321; that work instruction is to scan those buildings prior to demolition.

Mr. Bourgeois stated Shaw was recently awarded a contract to conduct upcoming work at Bigelow Court. The contaminants of concern at the site are lead, polychlorinated biphenyls (PCB), and polycyclic aromatic hydrocarbons (PAH). He showed a map of the proposed excavation for the site (slide 4) and stated the areas in yellow will be excavated to a depth of 2 feet, and areas in brown will be excavated to a depth of 4 feet. He said Buildings 1101 and 1103, shown in a hashed pattern on the figure, will be demolished, and the soil underneath will also be excavated. The internal draft work plans will be submitted to the Navy on November 8 and the team will mobilize to begin field work sometime in March of 2011.

Mr. Sullivan stated Bigelow Court had been included in the Action Memo for the ongoing non-time critical removal action (NTCRA) in the SWDAs. However, the Navy decided not to include it in the fieldwork because they had plans to do

some work adjacent to Bigelow Court, at Halyburton Court, and planned to do that work at the same time. Since currently there is no plan for Halyburton Court, the Navy is moving forward with Bigelow Court. He stated there may be a future action at Halyburton Court.

Ms. Smith asked where Bigelow Court is in relation to Halyburton Court, and Mr. Bourgeois pointed it out on the map. Mr. Bourgeois stated Halyburton Court has been fenced off to prevent public access since 2000.

Ms. Smith asked if the team knows where the contamination is from and if Bigelow Court was a dump site. Mr. Bourgeois stated that they did not find debris during a previous investigation. However, there are issues with lead, PAHs, and PCBs. Mr. Bourgeois stated the PCBs may be from old transformers that were stored in the area. And lead could be related to paint from the buildings or from general construction rubble.

Mr. Bourgeois also gave an update on the Perimeter Path access, and showed a map of the current access, on slide 6. He noted most of Perimeter Road is open to the public, with the exception of the area adjacent to the Westside Drive SWDA, and the area adjacent to Site 6 and Building 461. He added that Shaw and the Navy will continue to let the community know which areas of the Perimeter Path are not accessible.

Site 12 Human Health Risk Assessment Technical Memorandum

Mr. Sullivan introduced Tony Konzen (Navy) as the project manager for the human health risk assessment (HHRA) technical memorandum, and Marcie Rash (Tetra Tech) to give an update on the HHRA technical memorandum.

Ms. Rash stated her presentation (Attachment E) is an update to the presentation given at the August RAB meeting. There were some specific questions asked during that meeting that her presentation will address. Ms. Rash stated the purpose of the technical memorandum is to determine whether the Navy should collect additional samples in backyards within Site 12. Site 12 has unique conditions, and has been divided into 19 exposure units (EU) and six areas of interest (AOI). Based on the risk assessment, the technical memorandum does not recommend additional backyard sampling.

Ms. Rash reviewed the methodology for identifying the EUs. The BCT previously provided feedback that they had concerns with evaluating the site as a whole. The Navy and Tetra Tech created 19 EUs based on various boundaries such as roadways and buildings. Mr. Sullivan added that the regulatory agencies collaborated with the Navy to designate the EU areas.

Human health risk calculations were prepared following EPA guidance, which was to make sure all viable data collected in the area were used, and to make

sure the estimates are reasonable and not underestimated. The risk results were estimated using either the maximum detected concentration or a 95 percent upper confidence limit (95% UCL) concentration that was statistically calculated and assumes that a receptor would be exposed to that 95% UCL concentration, or lower, over a lifetime. Ms. Rash added that the sampling was biased towards areas where potential high concentrations were expected. Ms. Rash stated that, with the exception of the AOIs, there seems to be a relatively consistent distribution of contamination across the EUs. In addition, the risk estimates assumed a reasonable maximum exposure for a resident including 24 hours per day, 350 days per year, for 30 years. These are all things that helped build layers of conservatism into the risk estimates.

Ms. Rash stated that Ms. Smith had previously expressed a concern about chemical load and potential dilution or reducing the chemical load by dividing the areas into EUs. Ms. Rash explained that is not typically the case; that exposure is assumed to be the same throughout an EU. All analytical data was used within each EU to develop a representative concentration for the EU. Then, that concentration was applied to the entire EU.

Mr. Brennan asked a question at the previous meeting about the effect of going from one EU to another, and if a synergistic effect had been considered. Ms. Rash stated that information will be looked at more in the Remedial Investigation (RI) report for Site 12. This HHRA technical memorandum will be used to prepare that RI. The toxicologist will attend the RAB and present that information when the draft RI is going to be issued for comment.

Ms. Rash added that if a particular EU is found to have high concentrations, that information can help with the remedial decisions for the site. The risk assessment in the RI will look at five exposure scenarios: 1) current resident, 2) future resident, 3) future commercial/industrial worker, 4) future construction worker, and 5) future recreational user. Within those, there are four types of risk being evaluated for each scenario: 1) total, 2) site-related, 3) ambient, and 4) incremental. And each of those are being evaluated against both state and federal guidelines.

Ms. Smith asked which of the five scenarios would have the highest exposure. She noted that a commercial worker might be present almost as much time as a resident. Ms. Rash stated she does not know the exact amount of time a worker is estimated to spend at a site for calculation purposes, but she will ask the toxicologist and send Ms. Smith the answer. Mr. Anderson added that a recreational user is evaluated similarly to a residential user because the evaluation includes a child exposure scenario, such as a park setting.

John Gee (RAB member) asked what is the difference between a current residential user and a future residential user. Jessica Beck (Tetra Tech) stated current exposure considers surface soil, perhaps 0-2 feet below ground surface. Future residential user assumes some of the deeper soil comes to the surface in the future, so that scenario considers concentrations in the 0-10 foot depth range.

Ms. Rash reviewed the path forward for the technical memorandum. The document was issued as final on August 28, 2010. All comments and questions on the document will be addressed in the RI, which will be issued draft next spring. When that report is issued, another presentation will be given to the RAB. That RI report will include a full risk assessment, meaning not just soil but also soil gas and groundwater data.

Ms. Smith asked if lead is a concern at Site 12. Ms. Rash stated it is, and metals have been a concern within the site. Ms. Smith stated the World Health Organization has stated that lead should be evaluated at the 99th upper confidence limit, rather than the 95th. Ms. Rash stated she understands lead is evaluated differently than other metals, and stated she will look into that and get back to Ms. Smith.

Ms. Smith noted she did not provide comments on the HHRA technical memorandum because it is a final document and it was only received on compact disc. Ms. Rash stated the document itself is only 10 pages long, but there are numerous large risk tables, which is why the document is on CD. She stated comments are accepted and encouraged. Rather than incorporating comments into a revised technical memorandum, all comments will be incorporated into the RI report.

Field Activities Update, Sites 6, 21, 24, 25, 31, and Site 12 Arsenic Study
Mr. Bourgeois began the field activities update, which covers many sites. He noted there are two figures available as handouts, one for Site 21 (Attachment F) and one for Site 25 (Attachment G). Mr. Bourgeois stated Shaw will be testing soil gas at two locations at Site 25 to determine whether the site will need ICs. He noted they will be using a mobile laboratory at the site so they can collect real-time data.

Mr. Bourgeois reviewed the figure of Site 21, and stated the circles numbered one through eight are the locations where Shaw will be collecting soil gas samples. They will push rods into the ground to collect the samples, and also use the mobile laboratory to test those samples to get real-time results.

Mr. Bourgeois stated that the red plus symbols on the Site 25 figure are the locations where Shaw will be collecting initial samples. The yellow and green plus symbols are possible step-out locations, which may be sampled depending

on the results from the initial samples. Mr. Anderson stated the initial sample locations (red symbols) will be tested at a depth of 5 feet, and then the first step-outs (yellow symbols), if collected, will be at a depth of 3 feet. Then if necessary, the green symbol locations will be sampled at whatever depth and in whatever exact location makes sense, based on the results of the previous two samples. So the depth for the third series of sampling locations may vary. Mr. Bourgeois stated the work at Site 25 will begin the week after this meeting, and the work at Site 21 will begin in two weeks.

Mr. Bourgeois moved on to an update at Site 24. He stated Shaw is currently conducting the final round of groundwater sampling for which they have a contract in place. There are 55 well locations, and the samples should be collected by next week. After the data is available and reviewed, it will be summarized in a presentation to the RAB. He noted there is another contract in place now, so there will be another year of groundwater monitoring at the site. Mr. Anderson stated the current groundwater data that is being collected will be incorporated into the treatability study report for Site 24.

Mr. Bourgeois stated Shaw has prepared a final field activity report for Site 21, and it is currently being reviewed by the Navy. The report should be issued draft and available to the RAB within the next month.

Ms. Smith noted that Mr. Bourgeois stated Site 25 has groundwater occurring at a certain level because of irrigation. She asked where the irrigation water would be coming from, since the whole area is paved. She asked if there is water by the Nimitz Center and the ball fields that is impacting the level of the groundwater. Mr. Bourgeois stated the Gaelic field is in that area, and with the irrigation there they have seen a rise in the groundwater. That will be noted in the document, however, they do not believe it will impact the environmental conditions or the work at Site 25.

Mr. Konzen gave the update on Site 6. He stated the field team spent three weeks collecting samples, and that data gap investigation field work is now complete. The work consisted of some potholing with a backhoe and installation of some temporary wells. The contaminants of concern at the site are dioxins, metals, and some petroleum products, all related to the fire training school that was formerly at the site. Now the team is awaiting the analytical data, and that data will be incorporated into an RI/FS that will be issued draft in spring 2011. Mr. Konzen stated that some preliminary data may be ready to present to the RAB by the December meeting.

Ms. Smith asked if the Navy is investigating for furans, because it has been mentioned as a contaminant of concern before. Mr. Konzen stated the Navy will be testing for furans or its constituents.

Mr. Bourgeois gave a brief update on the Site 12 arsenic study. He noted some soil gas samples had been collected and that data is being reviewed. An addendum to the work plan for the site will be prepared, and that will detail the additional soil gas sampling locations. The work will be similar to the soil gas sampling at Sites 21 and 25. Mr. Bourgeois stated the soil gas analysis will help Shaw and the Navy determine the steps forward. Ms. Smith asked if the steps forward will include dealing with the petroleum before addressing the arsenic. Mr. Bourgeois stated that is correct. They would like to address both at the same time, but generally the petroleum has to be addressed first.

Building 233 Demolition and Draft Final Status Survey Workplan

Mr. Bourgeois gave an update on the Building 233 field efforts (Attachment H). Mr. Bourgeois said Building 233 is the old radiological training school, and this project has been the bulk of the field work that Shaw has been doing for the past two months. The asbestos work was completed on September 1st. The radiological scanning of the outside of the building has also been completed and the data is being reviewed by the Navy. The scanning of the inside of the building began on August 24th and will be completed by late October. Hopefully the demolition can begin in mid to early November, however the Navy must review all the data from the scans first.

Mr. Bourgeois stated the Final Status Survey plan for the footprint of Building 233 is being updated with Navy comments. It will then be issued draft to the regulatory agencies and the RAB members either in late 2010 or early 2011. Mr. Bourgeois reviewed photographs in the presentation, including workers removing the roof tiles, which had non-friable asbestos but still needed to be removed. He also showed photographs of the scanning process. Every single wall, floor, and ceiling has a grid on it and scans are conducted over 100 percent of the grid for the first 6 feet, then 50 percent of the surface higher than that, then 10 percent of the ceiling is scanned. He noted it is a tedious project, but necessary to verify whether there are any radiological impacts.

Ms. Smith asked what would happen if a new wall had been built over a wall that was already there when the building was a radiological training facility. Mr. Bourgeois said that areas with elevated levels are marked. Then it is determined whether it makes sense to cut into them to remove material until there are no further detections, or whether a whole area is removed. For example, one entire door was removed from its hinges and disposed of as low-level radiological waste because that is easier and more appropriate than cutting the door into pieces.

Specifically regarding sheetrock, there were instances where the Navy put a new layer of sheetrock over an old layer, after the 1950 spill of radiological material in that building. Shaw will remove the extra layer of sheetrock and then scan the

original sheetrock behind it. If nothing is detected, it will be disposed of when the building is demolished. If radium 226 is detected, then it will be wrapped up and disposed of as low-level radiological waste.

Mr. Bourgeois stated that in the eastern stairwell the area is being wrapped in plastic and workers will be using respirators because of dust issues in the specific area. In locations with elevated readings due to dust or particulate matter they will be using a HEPA vacuum when needed to clean under the baseboards once those areas have been removed. Mr. Bourgeois stated the Navy and Shaw have made investigation and cleanup of Building 233 a top priority because that property is an important part of the first phase of transfer.

Upcoming Documents and Field Schedule

Documents

Mr. Sullivan introduced Ms. Beck to review the Document Tracking Sheet (DTS, Attachment I) and the Field Schedule Sheet (Attachment J). Ms. Beck reviewed the documents that will be issued or where comments will be due within the next 60 days; all of them are highlighted on the attachment. Ms. Smith asked if the RAB members will receive any of the documents. Mr. Sullivan stated the Navy's current distribution list includes four community members: Ms. Smith, Mr. Brennan, Ms. Pilram, and ARC Ecology. He added that anyone else on the RAB who would like to receive documents for review can be added to the list.

Field Schedule

Ms. Beck noted the only field activity scheduled to begin soon is the Site 25 soil gas sampling. Everything else is in process or has wrapped up.

RAB Meeting Minutes

Mr. Sullivan asked if there were any comments on the August 2010 meeting minutes. Ms. Smith provided comments. The minutes were accepted pending incorporation of the comments.

Co-Chair Announcements

Alice Pilram (RAB Community Co-Chair) stated there was a successful music festival on TI the week before the RAB meeting. She also stated the island residents are hoping to have the mayor appoint an island resident to the TIDA Board. The former resident representative on the TIDA Board stepped down. Ms. Smith asked if that appointment was supposed to happen a long time ago. Mr. Brennan explained the Citizen's Advisory Board (CAB) has four island residents, but it is the TIDA Board that currently does not.

Ms. Pilram also noted the next RAB meeting will begin with the annual potluck and encouraged people to attend.

BRAC Cleanup Team Update

Mr. Sullivan gave a brief update on the two BCT meetings held since the last RAB meeting, in September and October 2010. He noted the agenda for the September BCT meeting was similar to the one for this RAB meeting. He noted the October BCT was also similar. He noted the Navy and other BCT members had met earlier in the day to discuss comments on the FOST. Ms. Smith asked if the comments were extensive. Mr. Clark stated the comments were not very extensive, but they were very helpful. Mr. Anderson stated most of them were asking for clarification on how things are described and rewording some of the explanations in the document; there were no issues.

Other Public Comments and Announcements

Mr. Sullivan asked for any public comments or announcements. Mr. Brennan state the CAB rescheduled their meeting from the first Tuesday to the third Tuesday of the month, so it started at 6:00 p.m. and is continuing during this RAB meeting. He said there was a presentation on the development of the yacht harbor. TI Community Developers (TICD) will develop the parking lot and the buildings in the harbor, and TI Enterprises (TIE) will develop the floating docks. The developers expect a two-year lead time to get the permits for dredging, so work will begin about two years after that area is transferred to the city.

Mr. Sullivan asked if the CAB meetings would be permanently rescheduled to the third Tuesday of the month. Mr. Brennan said they would not; it was a one-time reschedule, so there should not be conflicts with the RAB meeting in the future.

Mr. Anderson stated this will be his last RAB meeting because he is leaving the team. He has been promoted to be the BRAC Environmental Coordinator for Moffett Field and Concord. Ms. Smith asked if Moffett Field has an active RAB, and Mr. Anderson stated they do. There are about 20 people on the RAB and another 35 members of the public attended the last meeting. Mr. Anderson extended his thanks to the TI RAB members for their attendance and all of their comments, and said he has enjoyed working with everyone over the past seven years.

Mr. Sullivan reminded the RAB that this is the 150th meeting. He stated the four RAB members in attendance tonight, Dale Smith, Nathan Brennan, Alice Pilram and John Gee, are the backbone of community membership in the RAB, and noted most of them had been on the RAB for numerous years. Mr. Sullivan presented each RAB member with a certificate of appreciation.

Future Meeting Agenda Items

Mr. Sullivan asked for future meeting agenda item requests. The RAB members agreed to have a holiday potluck the hour prior to the 21 December meeting. The meeting was adjourned.

October 2010 RAB Meeting Handouts

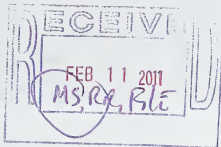
- Attachment A: NAVSTA TI RAB Meeting No. 150 Agenda, 19 October 2010
- Attachment B: Figure – Treasure Island Detail Map
- Attachment C: Figure – Yerba Buena Detail Map
- Attachment D: Field Efforts Solid Waste Disposal Areas
- Attachment E: Site 12 Risk Evaluation for Soil and Backyard
- Attachment F: Figure – Remaining Chlorinated Ethenes at Site 12
- Attachment G: Proposed Soil Gas Sample Locations Site 25
- Attachment H: Field Efforts Building 233
- Attachment I: Document Tracking Sheet, 19 October 2010
- Attachment J: Field Schedule, 19 October 2010
- Attachment K: Property Transfer and FOST Update, 19 October 2010 (not available hard-copy at the meeting)



DEPARTMENT OF THE NAVY
BASE REALIGNMENT AND CLOSURE
PROGRAM MANAGEMENT OFFICE WEST
1455 FRAZEE RD, SUITE 200
SAN DIEGO, CA 92108-4310

Ser BPMOW.LKB\0365
FEB 10 2011

Ms. Remedios Sunga
California Department of Toxic Substances Control
Brownfields and Environmental Restoration Program
Berkeley Office
700 Heinz Avenue, Suite 200
Berkeley, CA 94710-2737



Dear Ms. Sunga:

Subj: TRANSMITTAL OF THE DRAFT PROPOSED PLAN / DRAFT REMEDIAL ACTION
PLAN - IR SITE 27, NAVAL STATION TREASURE ISLAND, SAN FRANCISCO,
CALIFORNIA

This letter transmits the Draft Proposed Plan (PP)/Draft Remedial Action Plan (RAP) for the Remedial Action at Installation Restoration Site 27 at Naval Station Treasure Island, San Francisco, California.

For review and editing purposes, this Draft PP/Draft RAP is not in its final format. The figures, diagrams and photos included at the end will be appropriately inserted within the body of the text in the final version.

We greatly appreciate your concurrence and/or comments by March 12, 2011.

Thank you for your continued support of this program. Should you have any questions or need additional information, please contact Ms. Lora Battaglia, Project Manager at (619) 532-0968 or Mr. David Clark, Lead Project Manager, at (619) 532-0973.

Sincerely,

JAMES B. SULLIVAN
BRAC Environmental Coordinator
By direction of the Director

Encl: (1) Draft Proposed Plan / Draft Remedial Action Plan - IR Site 27, Naval Station
Treasure Island, San Francisco, California

FEB 10 2011

Distribution:

Mr. Ross Steenson, California Regional Water Quality Control Board
Ms. Melinda Garvey, U.S. Environmental Protection Agency, Region IX
Ms. Mirian Saez, Treasure Island Development Authority (TIDA)
Mr. Rich Hillis, Office of Economic and Workforce Development (w/out enclosure)
Mr. Michael Tymoff, Office of Economic and Workforce Development
Mr. Gary Foote, AMEC Geomatrix Inc.
Mr. William Carson, Terraphase Engineering, Inc.
Mr. Charlie Huang, California Department of Fish & Game, Office of Spill Prevention and Response (DFG-OSPR)
Ms. Carolyn Box, San Francisco Bay Conservation and Development Commission
Mr. Jay Wallace, Treasure Island Enterprises (TIE)
Ms. Kim Diamond, Lennar Communities
Ms. Marcie Rash, Tetra Tech EM Inc.

Community RAB Members:

Mr. Nathan Brennan
Ms. Dale Smith
Ms. Alice Pilram
Mr. Saul Bloom, Arc Ecology



DRAFT

PROPOSED PLAN/DRAFT REMEDIAL ACTION PLAN FORMER NAVAL STATION TREASURE ISLAND Installation Restoration Site 27 Former Clipper Cove Skeet Range

San Francisco, California

February 2011

THE DEPARTMENT OF THE NAVY ANNOUNCES PROPOSED PLAN/DRAFT REMEDIAL ACTION PLAN

1.0 INTRODUCTION

The Department of the Navy presents this *Proposed Plan/Draft Remedial Action Plan (RAP)* for remediation of *Installation Restoration (IR)* Site 27 (Site 27), the former Clipper Cove Skeet Range, at the former Naval Station Treasure Island (NAVSTA TI) in San Francisco, California (Figure 1). The Navy is presenting this plan in cooperation with the California Environmental Protection Agency (Cal/EPA) *Department of Toxic Substances Control (DTSC)*, the Cal/EPA *Regional Water Quality Control Board (Water Board)*, the U.S. *Environmental Protection Agency (EPA)*, and the Treasure Island Development Authority (TIDA).

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The Navy is responsible for investigating and remediating contamination that resulted from historical Navy operations at former NAVSTA TI. This Proposed Plan/Draft RAP presents the Navy's *preferred remedial alternative* to address *lead shot* in sediment associated with historical activities at Site 27. The Navy proposes to remediate Site 27 by:

- Removing contaminated sediment where there is a current complete exposure pathway, and backfilling the area to prevent exposure to diving ducks, the ecological receptor of concern.
- Implementing *institutional controls (IC)* throughout the site to restrict activities that might disturb sediment.

This Proposed Plan/Draft RAP summarizes the site history, the environmental investigations conducted at the site, and the remedial alternatives evaluated in accordance with the *Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)*, as

amended by the *Superfund Amendments and Reauthorization Act (SARA)*, and explains the basis for choosing the preferred alternative. The Navy will consider and respond to public comments on this Proposed Plan/Draft RAP in a responsiveness summary to be included in the *Record of Decision (ROD)* for Site 27.

Note: Specialized or technical terms are highlighted in bold the first time they appear and are defined in the glossary on page 16.

ABOUT THIS PROPOSED PLAN/DRAFT RAP

The Navy is issuing this Proposed Plan/Draft RAP as part of its public participation responsibilities under Section 117(a) of CERCLA, Section 300.430(f)(2) of the *National Oil and Hazardous Substances Pollution Contingency Plan (NCP)*, and Chapter 6.8 of the California Health and Safety Code (HSC). Figure 2 illustrates the status of Site 27 in the CERCLA process.

— Notice —

Public Comment Period

June 3 to July 3, 2011

Public Meeting

June XX, 2011

Casa de la Vista, Building 271

Treasure Island

6:30 to 8:30 p.m.

This public meeting is an opportunity for the community to hear about the Navy's Proposed Plan and to provide formal oral and written comments.

This Proposed Plan/Draft RAP summarizes information detailed in the *remedial investigation (RI)* report and *feasibility study (FS)* report, along with other documents contained in the administrative record file for Site 27. The administrative record contains the reports and historical documents used to select remedial alternatives. The Navy encourages the public to review these documents to gain an understanding of Site 27 and the environmental assessments and investigations that have been conducted. The documents are available for public review at the locations listed on [page 13](#).

A public comment period will be held from **June 3** through **July 3, 2011**. Public comments can be submitted by mail, fax, or e-mail throughout the comment period. A public meeting will be held from **6:30 to 8:30 p.m.** on **June XX, 2011** at the **Casa de la Vista, Building 271, Treasure Island**. Members of the public may also submit written and oral comments on this Proposed Plan/Draft RAP at the public meeting.

In consultation with the regulatory agencies, the Navy may modify the preferred alternative or select another remedial alternative based on feedback from the community or new information. Therefore, the community is encouraged to review and comment on this Proposed Plan/Draft RAP. A final decision on the remedy to be implemented will be documented in the ROD.

2.0 SITE BACKGROUND

Former NAVSTA TI lies in San Francisco Bay (Figure 1) and consists of two contiguous islands: Treasure Island (TI) and Yerba Buena Island (YBI). TI was constructed on the shoals of YBI with San Francisco Bay fill between 1936 and 1937 for use as an airport for the City of San Francisco. It was also the site of the 1939 Golden Gate International Exposition. Navy operations at the island began in 1941, primarily for training, administration, housing, and other support services to

the U.S. Pacific Fleet. In 1993, the Defense Base Closure and Realignment Commission recommended closure of NAVSTA TI; the facility was subsequently closed on September 30, 1997. The City of San Francisco and TIDA currently coordinate reuse of the property.

Clipper Cove is located directly between TI and YBI (Figure 1). Between approximately 1979 and 1989, a portion of Clipper Cove was used as a naval skeet range. As clay targets (skeet) were launched from the shoreline, naval personnel fired lead shot over the water, which resulted in a fan-shaped shot fall zone. The original boundary of Site 27 was established based on the onshore location of one skeet range. The boundary of Site 27 was revised in August 2004 to include a second adjacent skeet range, the onshore area of Site 27, and the full shot fall zone. The extent of lead shot contamination was determined to be no more than 750 feet from the firing point.

The onshore area of Site 27 was investigated further after the area had been included in the site boundary; however, no risk to human health or the environment was found. In 2010, the Navy redefined the boundary for Site 27 under CERCLA because no further action is necessary for the onshore portion. The redefinition of the Site 27 CERCLA boundary excluded the onshore portion of the site (less than 1 acre landward of the mean high water line), so that Site 27 currently consists of approximately 19 offshore acres (Figure 1). The new site boundary will be used for this Proposed Plan/Draft RAP and all future site documentation. As a result, the former onshore portion of Site 27 is not discussed further in this document.

PREVIOUS INVESTIGATIONS

In 1993, the Water Board issued Order No. 93-130, requiring the Navy to investigate and manage contamination attributable to the skeet range in the Clipper Cove area of NAVSTA TI. The order set forth specific compliance requirements and tasks. The Navy subsequently conducted sampling investigations at Site 27 to comply with the substantive requirements of the order. The following sections describe the investigations previously performed at Site 27.

Phase I and Phase II investigations were not limited to Site 27 and included other offshore areas of former NAVSTA TI (Site 13); however, samples were evaluated to help characterize chemicals thought to be associated with the former skeet range. These chemicals included lead shot, lead, and *polycyclic aromatic hydrocarbons (PAH)* (a component of the skeet target), which were targeted as potential *chemicals of concern (COC)* at Site 27.

Previous Investigations at Site 27

- Phase I Remedial Investigation Offshore Sampling (1993)
- Site 27 Clipper Cove Skeet Range Offshore Investigation (1996)
- Phase II Remedial Investigation for Offshore Sediments (1997)
- Lead Shot Investigation in the Nearshore Area of Site 27 (conducted during Feasibility Study) (2008)
- Feasibility Study (2001–2010)

Phase I Remedial Investigation Offshore Sampling

Offshore data were first collected during the 1993 Phase I RI sampling at NAVSTA TI. Sediment and storm-water samples were collected within Clipper Cove and were analyzed for metals, pesticides, polychlorinated biphenyls (PCB), and PAHs. None of the samples collected within the Site 27 boundary contained concentrations of lead or PAHs above the screening values.

1996 Site 27 Clipper Cove Skeet Range Offshore Investigation

Sediment and bay water samples were collected and analyzed to define the vertical and horizontal extent of lead, lead shot, and PAHs in offshore sediments and overlying surface water that may have resulted from the skeet range operations.

Lead (excluding lead shot pellets) was detected in all sediment samples collected from Site 27; however, lead concentrations were similar to those detected in other offshore areas of NAVSTA TI outside of Clipper Cove. Similarly, PAHs were not detected in the sediment of the former skeet range at concentrations that exceeded screening values.

Sediment samples were collected at depths of up to 5 feet below the sediment surface. The number of lead shot pellets was counted in every sample location in 1-foot segments. Lead shot was detected in all but one location.

Water samples were collected and analyzed for total lead and PAHs, but neither was detected.

Phase II Remedial Investigation for Offshore Sediments

Sediment sampling conducted during the 1997 Phase II RI focused on further characterizing Clipper Cove both within and outside the boundary of Site 27, and tracking contaminants from onshore sources to offshore sediments through storm-water outfalls.

Sampling revealed that lead concentrations in sediment were below the screening value at all Phase II sampling locations, except for three samples where lead was detected at concentrations just slightly above the screening value. One of these samples was collected between 6 and 8 feet below the sediment surface within Site 27; the two other samples were located outside of Site 27. Concentrations of PAHs did not exceed the screening value at any location.

Field Investigation of Lead Shot in the Nearshore Area

A *bathymetric survey* conducted in 2005 indicated that the nearshore area of Clipper Cove (within 150 feet of the shoreline) was an area where not much sediment had accumulated. The remainder of Clipper Cove is known as a “depositional environment,” where sediment accumulates at a rate of about 1 to 2 inches each year and lead shot is expected to be buried under more than 2 feet of clean sediment, where it is out of the reach of diving ducks. Based on the results of the 2005 survey, the Navy investigated the nearshore area in 2008 to characterize lead shot in the top 2 feet of sediment and evaluate whether there was a potential risk to diving ducks. Samples were collected to a depth of 2 feet below the sediment surface from 30 locations in the nearshore area. The sediment samples were analyzed for lead shot to

measure the depth of buried lead shot. Lead shot was detected within the top 2 feet of the sediment within 75 feet of the shoreline, where waterfowl foraging for food or grit could ingest the shot. No lead shot was found in the samples collected in the top 2 feet of sediment from 75 feet to 150 feet from the shoreline. The concentrations of total lead, not including the lead shot, in sediment were consistent with levels elsewhere in the area and were similar to other locations around Treasure Island. The investigation concluded that lead shot was a COC at Site 27, but that total lead was not a COC at the site.

As part of this investigation, *benthic organisms* were recovered from surface samples, indicating that there is a source of food for diving ducks in the nearshore area, and diving ducks were observed at Site 27 during the field investigation.

3.0 SUMMARY OF SITE RISKS

"Risk" is the likelihood or probability that a hazardous chemical, when released into the environment, will cause adverse effects to exposed humans or other organisms. An *ecological risk assessment (ERA)* was conducted to assess the risk as part of the Phase II RI for offshore sediments. The ERA was revised based on the results of the 2008 lead shot investigation in the nearshore area. No human health risk assessment was conducted because there is no pathway for exposure to lead shot in sediment for humans.

EXPOSURE ROUTES AND RECEPTORS OF CONCERN

Incidental ingestion of lead shot by diving ducks was identified as the primary receptor pathway. Diving ducks such as the surf scoter (*Melanitta perspicillata*) can penetrate the sediment surface from depths ranging from the length of their head (5 to 6.5 inches) to the length of their entire body (17 to 21 inches) while they forage for food in water as deep as 40 feet. Sediment deposition in the offshore area has effectively covered the lead shot, eliminating the ingestion exposure pathway to diving ducks over most of the site. However, the 2008 nearshore investigation found lead shot buried under as little as 1 foot of sediment within 75 feet of the shoreline, which is within the reach of diving ducks. Therefore, there is a current potential risk to diving ducks from lead shot in the nearshore area of Site 27. A conceptual site model depicting the exposure pathway for diving ducks is presented on Figure 3.

The risk to aquatic receptors from PAHs was evaluated based on a separate study conducted to assess the concentration and composition of PAHs in clay targets used in skeet shooting. The study found that trap and skeet targets are composed partly of PAH-containing petroleum pitch, which is relatively insoluble in water and has low toxicity to aquatic organisms. The study concluded that it was unlikely that PAHs would leach from the clay targets, and therefore the targets were not likely to be toxic to aquatic organisms.

When compared to screening values, concentrations of lead in sediment in a small number of locations within Site 27 fell between the level at which adverse effects to aquatic organisms rarely occur, and the level at which adverse effects frequently occur. Concentrations of lead at Site 27 were consistent with other offshore samples collected at Treasure Island and in San Francisco Bay. Therefore, lead in sediment is not considered a chemical of concern; the only contaminant of concern for Site 27 is lead shot.

RISK EVALUATION CONCLUSIONS

The Phase II RI for offshore sediments concluded that chemicals in sediment at Site 27 posed no current risk to human health or the environment. This conclusion was revised in the FS after the 2008 lead shot investigation in the nearshore area was conducted. The investigation showed that there is current potential risk to diving ducks near the shoreline where sediment does not accumulate as steadily as in areas farther from the shoreline and lead shot remains closer to the sediment surface. This Proposed Plan/Draft RAP addresses the potential for current risk to diving ducks in the nearshore area, as well as future risk to diving ducks in the rest of the site if lead shot in the sediment were exposed by dredging or other activities that disturb sediment.

FEASIBILITY STUDY

Based on the Phase II RI for offshore sediments and the lead shot investigation in the nearshore area, the Navy proceeded with an FS to address potential risks to diving ducks associated with lead shot in sediment. The FS identified *remedial action objectives (RAO)* and remedial alternatives for contaminated sediment at Site 27. The remedial alternatives identified in the FS were evaluated against seven of the nine criteria required by CERCLA and as specified in the NCP. The last two criteria will be addressed through the public comment and regulatory agency review periods. Figure 4 describes the nine remedial alternative evaluation criteria.

4.0 REMEDIAL ACTION OBJECTIVES

RAOs are medium-specific (such as soil and groundwater) goals for protecting human health and the environment that provide the foundation used to develop remedial alternatives. No human health risks were identified for Site 27; therefore, the RAOs are based solely on exposure to lead shot by diving ducks under both current and future use scenarios. Under the current use scenario, there is a complete exposure pathway near the shore. Under a future use scenario in which the cove is dredged to expand the marina, there could be a complete exposure pathway to diving ducks in the rest of the site. The RAOs for Site 27 are:

- Prevent or minimize ingestion of lead shot by diving ducks within 75 feet of the shoreline, where there is a complete exposure pathway under current conditions.
- Prevent or minimize ingestion of lead shot by diving ducks site-wide, where there is a potentially complete exposure pathway for diving ducks under future conditions in which lead shot currently buried below at least 2 feet of sediment is closer to the sediment surface as the result of sediment dredging or disturbance.

RAOs can be achieved either by reducing concentrations of COCs or by eliminating the exposure pathways.

5.0 SUMMARY OF REMEDIAL ALTERNATIVES

This section summarizes the remedial alternatives developed in the Final Feasibility Study, Site 27 Clipper Cove Skeet Range. The Navy evaluated several remedial technologies, including capping, solidification/stabilization, physical separation, biological treatment, chemical treatment, thermal desorption, and soil washing. After screening the alternatives, the Navy further developed and considered three remedial alternatives in the FS:

- o Alternative 1: No action
- o Alternative 2: Focused dredging and backfill (Figure 5), off-site disposal of sediment, institutional controls, and sediment monitoring
- o Alternative 3: Site-wide dredging (Figure 5) and off-site disposal of sediment

Alternatives 2 and 3 are split into "a" and "b" alternatives because of two possible disposal options. Under Alternatives 2a and 3a, dredged sediments would be disposed of at a landfill after on-site dewatering that could take up to 1 year for Alternative 2a and 6 years for Alternative 3a. Under Alternatives 2b and 3b, dredged sediment would be transported by barge to an upland beneficial reuse site where sediment is being collected to create a restored wetland (the lead-shot contaminated sediment would be covered by clean sediment so that it would not pose a risk to diving ducks); land-based dewatering would not be required. Each of the alternatives and their associated costs are described in Table 1.

6.0 EVALUATION OF REMEDIAL ALTERNATIVES

The remedial action alternatives considered represent a range of distinct environmental restoration strategies that fulfill the RAOs associated with lead shot contamination in sediment at Site 27. The alternatives were evaluated against the nine EPA criteria listed in Figure 4.

These criteria are used to evaluate the cleanup alternatives proposed for this site. The first seven criteria are discussed in the following comparison of alternatives. The last two criteria will be addressed through the public comment and regulatory agency review periods. The Navy will then make the final decision on the remedy for Site 27 after public input has been received and evaluated.

Of the seven evaluation criteria, two are threshold and five are primary balancing criteria. To be eligible for selection, an alternative must meet the two threshold criteria: (1) overall protection of human health and the environment, and (2) compliance with *applicable or relevant and appropriate requirements (ARAR)*. Alternative 1 (no action) was evaluated in the FS, as required by the NCP, to provide a comparative baseline to evaluate the other alternatives; however, Alternative 1 would not be protective of the environment or comply with ARARs under current land-use scenarios. As a result, this alternative would not meet the threshold criteria and therefore is not eligible for selection.

TABLE 1. SUMMARY OF REMEDIAL ALTERNATIVES FOR SEDIMENT AT SITE 27

Remedial Alternative	Components of Remedial Alternative	Cost	Estimated Time to Complete
1: No Action	Under Alternative 1, no remedial action or monitoring would be conducted. By law, the no-action alternative must be evaluated to establish a baseline for comparison with other alternatives that involve cleanup actions. Under this alternative, no response actions would be conducted at Site 27; therefore, there would be no associated costs. No attempt would be made to monitor or control exposure to lead shot in sediment.	\$0	Not Applicable
2a: Focused Dredging and Backfill, Landfill Disposal of Sediment, Institutional Controls, and Sediment Monitoring,	Under Alternative 2, contaminated sediments would be removed where there is a current complete exposure pathway to diving ducks, followed by backfill of the area to prevent exposure (Figure 5). Alternative 2a sediment removal would be followed by dewatering and off-site disposal at a landfill, whereas Alternative 2b sediment removal would be followed by transport by barge to an upland beneficial reuse site. A deed restriction would reduce the likelihood of activities that may cause sediment disturbance and resuspension of buried lead shot at the site. Post-remedy sediment monitoring consisting of bathymetric surveys would be conducted 1 year after the remedy is complete and every 5 years after to confirm consistent sediment profile against erosion. Alternative 2 would remove the current complete exposure pathway and ensure the pathway remained incomplete throughout the site.	\$2.9 Million	1 year
2b: Focused Dredging and Backfill, Beneficial Reuse of Sediment, Institutional Controls, and Sediment Monitoring		\$2.2 Million	2 months
3a: Site-wide Dredging and Landfill Disposal of Sediment	Under Alternative 3, contaminated sediments would be completely removed from the site by full-scale dredging (Figure 5). Alternative 3a sediment removal would be followed by dewatering and off-site disposal at a landfill, whereas sediment removal under Alternative 3b would be followed by transport by barge to an upland beneficial reuse site. Alternative 3 would allow for unrestricted use of the site.	\$21.0 Million	6 Years
3b: Site-wide Dredging and Beneficial Reuse of Sediment		\$23.9 Million	6 Months

A ranking analysis of the remedial alternatives was also conducted to provide a comparison of the alternatives against the first seven NCP criteria. To conduct the ranking analysis, a score from 1 to 5 was assigned to each alternative for each specific NCP evaluation criterion, with a score of 5 being best and 1 being least satisfactory. The results of this ranking analysis are summarized in Table 2.

TABLE 2: COMPARATIVE RANKING OF ALTERNATIVES

Criterion Type	Criterion	Alternative 2: Focused Dredging and Backfill, Off-Site Disposal of Sediment, Institutional Controls, and Sediment Monitoring		Alternative 3: Site-Wide Dredging and Off-Site Disposal of Sediment	
		2a: Landfill Disposal of Sediment	2b: Sediment Beneficial Reuse	3a: Landfill Disposal of Sediment	3b: Sediment Beneficial Reuse
Threshold	Overall Protection of Human Health and Environment	5	5	5	5
	Compliance with ARARs	5	5	5	5
Primary Balancing	Long-Term Effectiveness/ Permanence	4	4	5	5
	Reduction of Toxicity, Mobility, or Volume through Treatment	0	0	0	0
	Short-Term Effectiveness	2.5	3	1	2
	Implementability	2.5	3	1	2
	Cost	3	3	1	1
Score		22	23	18	20
Rank		2 nd	1 st	4 th	3 rd

Note:

Each individual rating was on a scale from 1 to 5, with 5 being the highest rating. Individual ratings for each criterion were then summed up to yield a total score or relative ranking. Since there were seven criteria, the maximum total score is 35.

The following is a summary of the remedial alternative evaluation:

Threshold Criteria

1. Overall Protection of Human Health and the Environment

Alternatives 2 and 3 would protect the environment because both would eliminate the exposure pathway to diving ducks, whereas Alternative 1 would not. Alternatives 2 and 3 were ranked equally based on this criterion.

2. Compliance with ARARs

ARARs are federal and state laws and regulations that are identified for each remedial alternative. No chemical-, action-, or location-specific ARARs would apply to Alternative 1. Alternatives 2 and 3 are expected to meet all chemical-, location-, and action-specific ARARs.

Because Alternative 1 fails to meet the two threshold criteria, it is not evaluated under the primary balancing criteria in this Proposed Plan/Draft RAP.

Primary Balancing Criteria

3. Long-Term Effectiveness and Permanence

Long-term effectiveness is considered high for Alternative 2, as the exposure pathway would be eliminated through focused dredging, backfilling, and IC implementation. Long-term effectiveness is considered very high for Alternative 3, as the exposure pathway would be eliminated through dredging to completely remove all contaminated sediments within the site boundary. Figure 5 presents a visual comparison of the proposed excavation and backfill areas for Alternatives 2 and 3.

4. Reduction of Toxicity, Mobility, or Volume through Treatment

Implementation of Alternative 2 or 3 would not reduce the toxicity, mobility, or volume of hazardous substances through treatment; therefore, neither alternative is considered effective under this criterion.

5. Short-Term Effectiveness

During construction, implementation of Alternatives 2 and 3 could affect the public, environment, and workers because of potential resuspension of lead shot, traffic, and noise. Effects would be minimized through implementation of construction quality control (QC) monitoring and environmentally sensitive construction practices, other monitoring protocols, and health and safety plans. Short-term effectiveness for Alternative 2a would be considered low to moderate and for Alternative 2b moderate because of the limited dredging area and shorter performance period than Alternative 3. Short-term effectiveness for Alternative 3a would be considered very low and for Alternative 3b low given the large area to be dredged and the amount of sediment to be removed, as well as the longer performance period than Alternative 2.

6. Implementability

Alternative 2 would be moderately difficult to implement, requiring construction, monitoring, and ICs. Alternative 3 would be the least easily implementable given the large quantity of sediment that would require removal. Alternatives 2a and 3a are less easily implementable than Alternatives 2b and 3b because dewatering is required. Therefore, implementability is considered low to moderate for Alternative 2a and moderate for Alternative 2b. Similarly, implementability is considered very low for Alternative 3a and low for Alternative 3b.

7. Cost

The cost for Alternative 2 is moderate. The estimated cost for Alternative 2a is \$2.9 million, while the cost for Alternative 2b is \$2.2 million.

The cost for Alternative 3 is very high. The estimated cost for Alternative 3a is \$21.0 million, while the cost for Alternative 3b is \$23.9 million.

7.0 THE PREFERRED REMEDIAL ALTERNATIVE

The preferred alternative is protective of human health and the environment and eliminates, reduces, or controls exposures to human and environmental receptors through all potential exposure pathways currently and in the future.

The preferred remedial alternative is Alternative 2b, focused dredging and backfill, off-site disposal of sediment at a beneficial reuse site, ICs, and sediment monitoring. Alternative 2b would be implemented by removing contaminated sediments where there is a current complete exposure pathway and backfilling the area to prevent exposure to diving ducks. To prevent or minimize ingestion of lead shot by diving ducks site-wide under future conditions, the remedial design would take into account relevant hydrodynamic conditions and would consider current and historical uses of the marina, including maintenance dredging. Sediment removal would be followed by transport by barge to an upland beneficial reuse site, and dewatering would not be required. Restrictions on vessel speed, controls on dredging within the boundary of Site 27, and long-term monitoring of the backfill would be required to reduce the likelihood of activities that might disturb sediment and resuspend buried lead shot at the site.

Alternative 2b was selected because it:

- (1) Provides overall protection of the environment by removing the current complete exposure pathway for diving ducks and ensures the pathway will remain incomplete in the remainder of the site.
- (2) Is the most effective in the short term and would have the least effect on the community, remedial workers, and the environment because of the limited dredging area and the relatively shorter performance period.
- (3) Would be implemented in the shortest period of time. Periodic costs will include long-term monitoring to ensure RAOs are consistently achieved.
- (4) Meets federal and state ARARs.
- (5) Is the most cost effective to implement.

MULTI-AGENCY PARTICIPATION

The *Base Realignment and Closure (BRAC)* Cleanup Team (BCT) for NAVSTA TI includes remedial project managers (RPM) from the Navy, DTSC, Water Board, and EPA. The primary goals of the RPMs are to protect human health and the environment, coordinate environmental investigations, and expedite the environmental restoration of former NAVSTA TI. The RPMs have coordinated on all major documents and investigations associated with Site 27, including the RI and FS reports. Based on these reviews and discussions of key documents, the regulatory agencies support the Navy's preferred remedial alternative. The preferred remedial alternative may be modified in response to public comments or new information.

REGULATORY SUMMARY

California Health and Safety Code (HSC)

This document is intended to meet the requirements of California HSC Section 25356.1 for hazardous substance release sites, as required by DTSC. The HSC requires preparation of a RAP for sites that are not listed on the *National Priorities List (NPL)*, such as NAVSTA TI. Therefore, this document also serves as a draft RAP to fulfill the public notice and comment requirements of the HSC. The final RAP will be incorporated in the ROD for this site.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

DTSC has prepared an initial study to evaluate potential impact of the proposed project on the environment. The findings of the initial study indicate that the project would not have a significant effect on public health or the environment. Therefore, DTSC has prepared a proposed negative declaration for the Site 27 cleanup. Both the initial study and proposed negative declaration are available for review and comment during the public comment period.

NONBINDING ALLOCATION OF RESPONSIBILITY

HSC Section 25356.1(e) requires DTSC to prepare a preliminary nonbinding allocation of responsibility among all identifiable potentially responsible parties. HSC Section 25356.3(a) allows potentially responsible parties with an aggregate allocation in excess of 50 percent to convene an arbitration proceeding by submitting to binding arbitration before an arbitration panel. Based on available information regarding the former NAVSTA TI, DTSC concludes that the Navy is a responsible party with aggregate alleged liability in excess of 50 percent of the costs of removal and remedial action pursuant to HSC Section 25356.3. The Navy may convene arbitration if it so chooses.

8.0 COMMUNITY PARTICIPATION

The Navy, DTSC, Water Board, and EPA encourage the public to gain a more thorough understanding of Site 27 and the CERCLA activities that have been conducted at former NAVSTA TI by visiting the information repository, reviewing the administrative record file, attending public meetings, and signing up for the mailing list to receive regular project information. The information repository was established to provide public access to technical reports and other IR Program information that supports the remedial action alternative decision. The administrative record contains the reports and historical documents used to select remedial alternatives. Restoration Advisory Board Meetings are also held on the last Tuesday of every other month and are open to the public.

Consideration of public input is an important part of the remedy selection process. The Navy, DTSC, Water Board, and EPA encourage all community members, business owners, and other interested stakeholders to provide input on the proposed remedy. The dates of the public comment period and the date, location, and time of the public meeting are provided on pages 1 and XX of this Proposed Plan.

THE NEXT STEP

The Navy and DTSC will consider all public comments received during the public comment period, or in person at the public meeting, before they make a final decision for Site 27. The final decision will be documented in the ROD, which will include the responses to all comments received on this Proposed Plan/Draft RAP. Input will be collected after the alternatives are presented to the public, and a final decision will be made after regulatory agency and community input on the Proposed Plan/Draft RAP has been reviewed. The Navy will then issue a ROD, and DTSC will approve the RAP to select the final remedy. A public notice will be placed in the *San Francisco Examiner* announcing when the Site 27 ROD will become available to the public in the information repositories listed on page XX.

OPPORTUNITIES FOR INVOLVEMENT

Public Meeting, June X, 2011

Location: Casa de la Vista, Building 271, Treasure Island

You are invited to this community meeting to discuss the information presented in this Proposed Plan/Draft RAP for Site 27. Navy representatives will provide information on the environmental investigations conducted for Site 27. You will have an opportunity to ask questions and formally comment on the Navy's preferred remedial alternative for Site 27 as presented in this Proposed Plan/Draft RAP.

Public Comment Period

June 3 through July 3, 2011

We encourage you to comment on this Proposed Plan/Draft RAP during the public comment period. You may provide comments on the Proposed Plan/Draft RAP orally at the public meeting or submit your comments in writing at or after the public meeting. You may mail or email written comments on this Proposed Plan/Draft RAP to the Navy contact person provided on page 12, postmarked no later than July 3, 2011.

Information Repositories

Two information repositories and the administrative record file provide public access to technical reports and other IR Program information that support this Proposed Plan/Draft RAP.

San Francisco Public Library
Government Publications Section
100 Larkin Street
San Francisco, California 94102
(415) 557-4400

Navy BRAC Caretaker Support Office
1 Avenue of the Palms, Suite 161
Treasure Island
San Francisco, California 94130
(415) 743-4704

Administrative Record File
ATTN: Diane Silva, NAVFAC SWDIV Code
EV33

NSDB Building 3519
2965 Mole Road
San Diego, California 92136
(619) 556-1280
diane.silva@navy.mil

Administrative hours are 8 a.m. to 5 p.m.
Monday through Friday. Documents may not
be removed from the facility; however, they
may be photocopied. Please contact Ms. Silva
to make an appointment.

Site 27 documents are available in the information repositories and in the administrative record locations listed above. Other information such as meeting minutes and fact sheets related to Site 27 can be found on the Navy's website at: www.bracpmo.navy.mil. Select "Prior BRAC," then "Former Naval Station Treasure Island."

Project Contacts

James Sullivan

BRAC Environmental Coordinator
BRAC Program Management Office West
1455 Frazee Road, Suite 900
San Diego, California 92108-4310
phone: (619) 532-0966
fax: (619) 532-0983
james.b.sullivan2@navy.mil

Ross Steenson

San Francisco Bay Water Board
1515 Clay Street, Suite 1400
Oakland, California 94612
(510) 622-2445
rsteenson@waterboards.ca.gov

Remedios Sunga

Department of Toxic Substances Control
700 Heinz Avenue
Berkeley, California 94710
(510) 540-3840
rsunga@dtsc.ca.gov

Melinda Garvey

Project Manager
U.S. EPA, Region 9
75 Hawthorne Street
San Francisco, California 94105
(415) 947-4184
Garvey.Melinda@epamail.epa.gov

9.0 GLOSSARY OF TERMS

Applicable or relevant and appropriate requirements (ARAR): Federal, state, and local regulations and standards determined to be legally applicable or relevant and appropriate to remedial actions at a CERCLA site.

Base Realignment and Closure (BRAC): Program established by Congress under which Department of Defense installations undergo closure, environmental cleanup, and property transfer to other federal agencies or communities for reuse.

Bathymetric survey: A survey that measures the depth of the water and studies the shape of the seabed.

Benthic organisms: Animals that live on or near the bottom of a stream, lake, or ocean. Benthic populations often indicate sediment quality.

Chemical of concern (COC): A chemical that has been identified as having the potential to pose a significant threat to human health or the environment.

Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA): A federal law designed to identify and cleanup sites contaminated with hazardous substances that may endanger public health or the environment.

Department of Toxic Substances Control (DTSC): A part of the California Environmental Protection Agency and California's lead environmental regulatory agency. Its mission is to protect public health and the environment from toxic substances.

Ecological risk assessment (ERA): An analysis of the potential ecological effects caused by exposure to hazardous substances at a site.

Feasibility study (FS): A study to identify, screen, and compare remedial alternatives for a site.

Installation Restoration (IR): The IR Program is the Department of Defense's comprehensive program to investigate and clean up environmental contamination at military facilities in full compliance with CERCLA.

Institutional controls (IC): ICs are legal and administrative mechanisms used to implement land use and access restrictions that limit exposure of landowners or users of the property to hazardous substances and to maintain the integrity of the remedial action to ensure that remediation goals are achieved. Monitoring and inspections are conducted to ensure that the land use restrictions are being followed.

Lead shot: A collective term for small pellets of lead used as ammunition at the skeet and trap range. Waterfowl such as ducks can ingest spent pellets and be poisoned.

National Oil and Hazardous Substances Pollution Contingency Plan (NCP): The regulatory basis for government responses to oil and hazardous substances spills, releases, and sites where these materials have been released.

National Priorities List (NPL): The federal list of Superfund sites nationwide. NPL sites are considered high priority for cleanup under the federal Superfund program. NAVSTA TI is not on the NPL.

Polycyclic aromatic hydrocarbon (PAH): Compounds typically associated with the incomplete combustion of fossil fuels that are found in the petroleum pitch used to make targets

used at the skeet and trap range. These compounds are stable and resist common degradation processes in the environment.

Preferred remedial alternative: The remedial alternative selected by the Navy, in conjunction with the regulatory agencies, that best satisfies the RAOs based on the evaluation of remedial alternatives presented in the FS.

Proposed plan: A document that reviews the remedial alternatives presented in the FS, summarizes the recommended remedial action, explains the reasons for recommending the action, and solicits comments from the community.

Remedial action objective (RAO): A statement containing a cleanup goal for the protection of one or more receptors from one or more chemicals in a specific medium (such as soil, sediment, groundwater, or air) at a site.

Remedial action plan (RAP): A plan prepared for public review and comment that outlines a specific program leading to the remediation of a contaminated site. The RAP is required under California Health and Safety Code Section 25356.1 for sites that are not listed on the NPL.

Record of decision (ROD): A decision document that identifies the remedial alternatives chosen for implementation at a CERCLA site; the ROD is based on information from the RI report and FS and on public comments and community concerns.

Remedial investigation (RI): The first of two major studies that must be completed before a decision can be made about how to clean up a site. (The FS is the second study.) The RI is designed to evaluate the nature and extent of contamination and to estimate human health and ecological risks posed by chemicals of potential concern at a site.

Regional Water Quality Control Board (Water Board): The California water quality authority, which is part of the California Environmental Protection Agency. Its mission is to preserve, enhance, and restore California's water resources.

Superfund Amendments and Reauthorization Act (SARA): SARA amended CERCLA on October 17, 1986, making several important changes and additions to the program, including new enforcement authorities and settlement tools.

U.S. Environmental Protection Agency (EPA): The federal regulatory agency responsible for administration and enforcement of CERCLA (and other federal environmental regulations).

Attn. James Sullivan
BRAC Program Management Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108-43101



Proposed Plan for Installation Restoration Site 27
Clipper Cove Skeet Range
Former Naval Station Treasure Island
San Francisco, California



FORMER NAVAL STATION TREASURE ISLAND
Installation Restoration Site 27 Clipper Cove Skeet Range

PUBLIC MEETING

Date, 2011

6:30 – 8:30 PM

Casa de la Vista, Building 271
Treasure Island
San Francisco, CA

PROPOSED PLAN COMMENT SHEET

The public comment period for the Proposed Plan for Installation Restoration Site 27, Clipper Cove Skeet Range, at Former Naval Station Treasure Island, San Francisco, California, is from **June 3 through July 3, 2011**. You may provide verbal comments at the public meeting listed above, where all comments will be recorded by a court reporter. Alternatively, you may provide written comments in the space provided below or on your own stationery. All written comments must be postmarked no later than **July 3, 2011**. After you complete your comments and your contact information, please mail this form to the address provided on the reverse side. You may also submit this form to a Navy representative at the public meeting. Comments are also being accepted by e-mail; please address e-mail messages to james.b.sullivan2@navy.mil. Comments are also being accepted by fax: (619) 532-0983.

Name: _____

Representing (optional): _____

Address (optional): _____

Phone number (optional): _____

Please check the appropriate box if you would like to be added to or removed from the Navy's Environmental Mailing List for Treasure Island: ☐ Add me ☐ Remove me

Comments:



Figure 1. Location of Former Naval Station Treasure Island and Site 27

**COMPREHENSIVE ENVIRONMENTAL
RESPONSE, COMPENSATION AND
LIABILITY ACT (CERCLA) PROCESS**

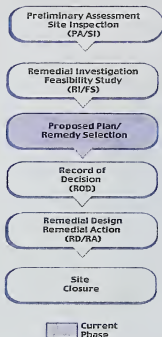


Figure 2. CERCLA Process

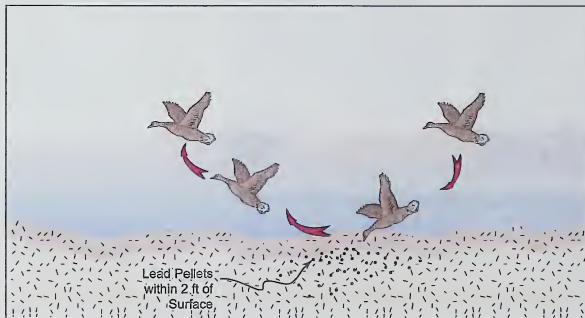


Figure 3. Conceptual Site Model for the Nearshore Area

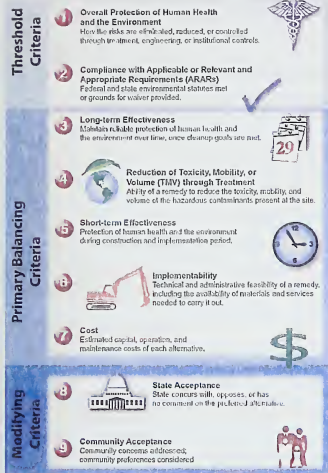


Figure 4. Criteria for Comparison of Remedial Alternatives



Surf scoter. Photo courtesy of Joyce Gross.

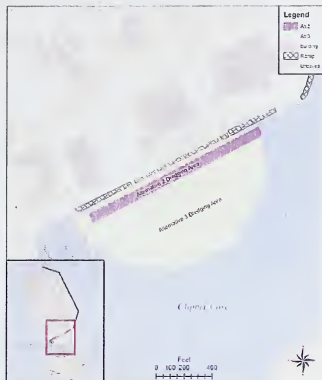


Figure 5. Comparison of Alternative 2 and Alternative 3 Proposed Dredging and Backfill Areas

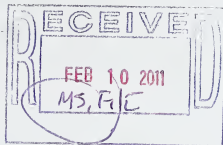


UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES
OF THE PLUMBING AND PIPE FITTING INDUSTRY

LOCAL UNION NO. 38

1621 MARKET STREET • SAN FRANCISCO, CA 94103

January 24, 2011



Governor Jerry Brown
State Capitol
Sacramento, CA 95814

Dear Governor Brown:

I recently read that you are proposing to revise the State Law, which has been in effect for more than fifty years, authorizing Cities and Counties Redevelopment Agencies. Your Administration is proposing a substantive shift in responsibility for local economic development programs. The Budget as proposed by you phases out state authorization for two economic development programs: redevelopment and enterprise zones. The Administration proposes to revise these laws to (1) dissolve the redevelopment agencies and (2) transfer their revenues (primarily over 5 billion of annual revenues) to local successor agencies. The successor agencies would use these funds to retire debts and contractual obligations but these funds will be lost for construction workers.

As Business Manager of Plumbers and Pipefitters Local Union 38 and as President of San Francisco Building & Construction Trades Council, I wish to declare my opposition to this proposal in the strongest possible terms. I believe your Administration's program will work directly contrary to what I believe to be our most pressing problem in California --- employment for the working men and working women in our State. At this crucial economic period to experiment with your proposed program, considering the extensive changes and legal constitutional problems appears to me to be counter productive.

I know from my own experience that while some existing redevelopment programs have had minor difficulties, on the whole it has been a most successful program in its employment for construction workers throughout the State and in the overseeing of urban renewal in blighted areas.

I urge you to reconsider your proposed program and continue the existing redevelopment program in its present form.

I will be calling you in the near future to discuss this matter further with you. Thank you for your consideration.

Yours Very Truly,


LARRY MAZZOLA, SR.

Bus. Mgr. & Fin. Secty-Treas.

President of San Francisco Building

& Construction Trades Council

cc:

Mike Theriault, SFBTC

Tim Paulson, SFLC

Bob Balgenorth, SBCTC

Art Pulaski, AFL-CIO

Rod Cameron, CSPTC



UNITED ASSOCIATION OF JOURNEYMEN
AND APPRENTICES OF THE PLUMBING
AND PIPE FITTING INDUSTRY

Local Union No. 38

Larry Mazzola

Bus. Mgr. & Fin. Secty-Treas.

1621 Market St. San Francisco CA 94103
Phone: (415)826-2000 Fax: (415)826-2009
Email: lmazzola@uaocal38.org



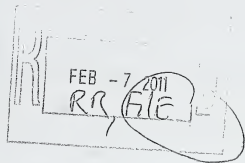
LM/mm

opeiu-3-afl-cio (19)

Sherri Lynn Wood
1 Ave of the Palms, Ste 306
San Francisco, CA 94130

February 1, 2011

Attn: Rich Rovetti
Treasure Island Development Authority



Dear Rich Rovetti,

Please accept this letter as my one months notification for terminating my lease with the City of San Francisco for the following properties:

1 Ave of the Palms
Suite 306
San Francisco, CA 94130

additional parking space

I will vacate the premises and remove the trailers no later than February 28, 2011. Please confirm the receipt of this letter and let me know how you want to proceed with the final inspection of the space and the return of the deposit.

David Gibson will continue his part of the joint lease. Please speak to him about rewriting the contract to include only his space at Suite 110.

I have enjoyed my stay at Treasure Island, and am sorry to leave. I am moving on to a live/work space in the East Bay.

Best regards,

A handwritten signature in cursive script that reads "Sherri Lynn Wood".

Sherri Lynn Wood
919-599-7770

cc. David Gibson



Volume 3, Issue 3
March, 2011

This newsletter was prepared
By Good Neighbors of Treasure Island
and Yerba Buena Island
under consultation with:
Treasure Island Development Authority;
Mirian Saez,
Director of Island Operations

NEWS

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TREASURE ISLAND NEWS

DEADLINES & CONDITIONS

- All submissions of articles, announcements, and calendar items must be submitted by the 10th of the month prior to publication for consideration. Email

Good_Neighbors@comcast.net

- The editorial board reserves final rights for inclusion and exclusion.
- Acceptable formats are text submitted in Microsoft Word, PowerPoint, Publisher, JPEG or PDF.
- We encourage positive ideas, solutions and creative problem-solving for our communal challenges; we choose to build community rather than find blame.

COME SAILING AT TREASURE ISLAND SAILING CENTER THIS SPRING AND SUMMER.

Sign up today and start sailing in March!



Treasure Island Sailing Center offers sailing and water sports classes for everyone age 7 to adults. Scholarships are available to all who qualify. **FREE sailing lessons** are provided for families on government assistance or with a household income of 25,000 or less and 50% off for families with a household income of \$65,000 or less. Spring classes being in March and Youth Summer Camp runs from June 19th - August 19th. Classes range from \$25-\$300.

TISC has **NEW** affordable classes in 2011 for the entire family! Each class below is **ONLY \$25 per person**

Bay Sails every Saturday from May 21st to October 1st from 1:00-4:00

Friends and Family J24 Sails every Sunday from May 1st to October 2nd from 1:00-4:00

Stand Up Paddle Boarding and Kayaking Saturdays from May 28th to September 24th from 10:00 - 12:30

Upcoming FREE Community Sailing Events:

April 30th: Opening Day

May 21st: National Safe Boating Day

TREASURE ISLAND SAILING CENTER

698 California Ave Building 112

San Francisco, CA 94130

Phone: 415-421-2225

Fax: 415-421-2208

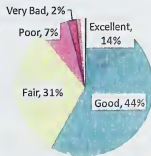
Email: Info@tisailing.org Website: www.tisailing.org

2010 QUALITY OF LIFE SURVEY—UPDATE

Mark Connors, Good Neighbors

During the months of December and January, Good Neighbors circulated a survey to get a better idea of the overall quality of life in our community. Recognizing that a community is made up of many diverse groups we solicited answers from all segments of our community, on both Treasure Island and Yerba Buena Island. We also asked people who work on the Islands and the Job Corps Students. In all, 176 people responded.

The survey consisted of almost 100 questions, and dealt with a range of issues, such as crime, quality of life, parking, noise, landlords, animals — both domesticated and wild, businesses, services, government services, the bus, Transbay Terminal, environmental clean up, the YMCA Gym, interaction with the Police, the gardeners and more.



Q: How would you rate your overall quality of life on T/I/YBI?

Continued on page 6

March 2011

SUN

MON

TUE

WED

THU

FRI

SAT

1

2

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4

5

6



7

8

CAB Meeting
(Moved from the
1st)

9

TIDA Board
Meeting

10

11



12

Good Neighbors
Meeting

13



14

15

2nd CAB Meeting

16

Southern Station
Community
Meeting

17

18

19

20



21

22

23

Special TIDA
Board Meeting

24

25

26

27



28

29

30

31

The (TIDA) Board of Directors meets on the second Wednesday of every month at 1:30 PM at San Francisco City Hall, Room 400. For more information, visit www.SFTreasureIsland.org

Treasure Island/Yerba Buena Island Citizen Advisory Board (CAB) Meetings are on the first Tuesday of each month 6:00 PM - 8:00 PM. Meeting locations vary. Check the agenda posted on www.SFTreasureIsland.org

The Community meeting is the third Wednesday of every other month (every even numbered month), 6:30 PM at Shipshape

The Navy RAB meeting is the third Tuesday of every other month (every even numbered month), 7 PM at the Casa de la Vista.

Southern (SFPD) Station's community meeting is held on the third Wednesday of each month. Locations vary each month. For information about the meeting locations, or to subscribe to my newsletter, please send an e-mail to sfpdsouthernstation@sfgov.org. All are encouraged attend!



GOOD NEIGHBOR ANNUAL MEETING - MARCH 12

Good Neighbors of Treasure Island and Yerba Buena Island (www.TreasureIslandSF.org) will be hosting its quarterly general membership (and annual) meeting on Saturday, March 12th from 11 am - 1 pm at the Shipshape building. All are welcome, but we ask that you register so we can plan accordingly.

In addition to handling general business (presidents and treasurers reports, board election, etc.) We will have a high level review of the 2010 Quality of Life survey, honor island residents, organizations, and individuals who have helped improve our quality of life and contributed to the general sense of community over the past year.

Register to attend (its free) by March 10 so we can plan for lunch and materials. To register, visit www.TreasureIslandSF.org or call 520-6653

NOTE: Child care will not be available

Rich Hillis from TIDA who will address questions about redevelopment.

Come show your support for our efforts, and the efforts of many others working to improve life on the Islands.



NERT

NERT TRAINING

The goal of this program is to help the citizens of San Francisco to be self sufficient in a major disaster situation by developing multi-functional teams, cross trained in basic emergency skills.

For those driving to the class, please come on to the Job Corps Center. It is off of California Ave. It is the second left after the turn, continue straight until you see the guard gate. Stop and the guard will sign you in and from there you go

The next NERT Training will be

Date: Mondays 3/7 through 4/11
Time: 6:30 PM to 9:30 PM
Location: at the Job Corps Center, Fine Dining Room. Which is in Building 368.

down to the next stop sign take a left and go till you see a sign that says Building 368. You will park on the side of the building (across from the urban farm and walk through the gate when you get to the side walk

take a right and you will see a wheel chair ramp. Walk up it or go to the stairs next to it and you have arrived.

Walking: go past Joey's store and the Center Director's building. The next building is the Dining Hall, go past that and the next set of doors is where you want to be. Please note, they will want you to check in with security which is all the way down the side walk and past the parking lot.

You must pre-register. Please contact grapeport@aol.com or call 415-297-2216 to register for the course.

SAN FRANCISCO TRANSPORTATION PLAN (SFTP)

What will life be like in San Francisco in the year 2035? Over the next 12-15 months, the San Francisco County Transportation Authority intends to find out—particularly as it pertains to transportation. The Authority is in the process of updating the San Francisco Transportation Plan (SFTP), the long-range, comprehensive transportation plan for the city. The SFTP is the city's transportation blueprint, identifying goals, needs and investment priorities for our transportation system—including streets, highways and transit—for the next 25 years. As such, the SFTP will shape the city's next generation of transportation projects, programs and policies and help the city achieve its broader sustainable development goals.

A long-range plan is important because if we don't plan for our future, circumstances or others will do it for us. The Association of Bay Area Governments predicts that by 2035 San Francisco will add approximately 150,000 residents—the current population of Santa Rosa—and a comparable number of jobs. Our challenge is to accommodate this expected growth while protecting the city's famed quality of life and unique character. Toward that end, we have established four goals for the SFTP:

- 1 Provide and sustain a world-class transportation infrastructure
- 2 Strengthen San Francisco's regional competitiveness
- 3 Create a more livable and equitable city
- 4 Ensure a healthy environment

The city's and region's growth are forecasted to bring approximately 400,000 extra car trips to our city streets every day. That is more than the combined daily traffic on the Golden Gate and Bay Bridges. Unless we start planning for solutions today, the growth in traffic could overwhelm our infrastructure, snarl traffic and further impact our neighborhoods. The SFTP gives us an opportunity to reduce or avoid these impacts altogether through new transportation investments and services and management options.

The planning process for the SFTP consists of four phases, each with a full round of public outreach. We are in process of concluding the first phase, when we will have defined existing transportation conditions and projected future conditions. The upcoming study milestones are:

- Phase 2 (March-June 2011): Clarify specific needs and potential projects, initiatives and policy options.
- Phase 3 (July-October 2011): Define project alternatives and evaluate them.
- Phase 4 (November 2011-March 2012): Select a preferred alternative and develop an implementation strategy.

SFTP continued on page 6



TIJCC IS HONORED WITH VISIT FROM CONGRESS- WOMAN BARBARA LEE



This last Friday, we were honored by a visit and tour of our very own Center by a VERY important visitor: Congresswoman Barbara Lee (D-Oakland)

During her visit, the congresswoman toured our Center, stopping by our now flourishing Urban Farm recently named the "The Michelle Obama Treasure Island Job Corps Green Acre" in honor of First Lady Michelle Obama's Victory Garden at the White House and launching her "Let's Move" healthy eating initiative.

Congress woman Lee also stopped by our recently launched Solar Program, as well as a variety of the vocational classrooms, including the Office Assistant (OA) classrooms of instructors Ms. Nadine Burnside and Mr. Mark Breshers.

After the tour, Congresswoman Lee held a brief press conference, during which she called for a greater commitment by Congress to fund efforts that will result in the direct creation of jobs and provide relief for the long-term unemployed.

Over the past year and a half, Congresswoman Lee and her staff; both in her Washington, DC offices on Capitol Hill and locally in her District office in Oakland have provided excellent opportunities for our students; including establishing a Work Based Learning relationship for several of our Office Assistant students in the Congresswoman's Oakland office, providing Job Shadow opportunities for students in her Washington, DC office and participating in the Center's CRC (Community Relations) luncheon meetings, during which a team from the Congresswoman's staff participated in dialogue about how to improve our communities and enhance student training for better outcomes.

During this Friday's tour, the congresswoman spoke to several students about their experiences at the center; all of whom shared positive stories about the impact of the Center on their lives, career goals and future prospects.

Job Corps continued on page 7



GOOD NEIGHBORS 2011— 2012 BOARD ELECTION

Candidate Statements

2011 - 2012 Good Neighbors of TI/YBI Board of Directors
Election will be at the March 12 Membership Meeting

Executive Board

President- Emily S. Rapaport: I am the current Board Vice President and have lived on TI for about a decade and have worked for TJCC for the last 4.5 years. I have been involved in the goings and comings of TI/YBI since arriving here from the main land. I truly love living & working here, next to some of the most wonderful people in SF. I want to continue to try and make life better for all of us who live & work on TI/YBI.

Vice President - Susan Krala - As a Treasure Island resident since October 2003, I've helped with many GN projects: T-shirts, ball caps, the island-wide junk collection drive using a moving van a few years ago, the Martin Luther King day of service when we cleaned and upgraded the playground at the elementary school, the July 4th picnic, several garage sales, and the recent election. I persuaded Job Corps to install the white sign outside Joey's market and on the street to make the store more visible to visitors.

I work for the Coast Guard as liaison to 17 federal and state agencies in AZ, CA and NV who are involved in oil spill response. I organize, chair and lecture at meetings, maintain communications between meetings (including our web site), and ensure the timely update of the various plans and agreements we own.

Since November I've led the work for our non-profit 501(c)3 designation. Please consider me for the role of Vice President.

Treasurer- Marinella "Nella" Goncalves I am running for the position of Treasurer because I am very interested in assisting the Good Neighbors organization in becoming financially sound. I feel that I am qualified for this position as I have managed a 2+ million dollar budget for over 10 years at the Treasure Island Supportive Housing Program. I also have fundraising and grant writing experience. I am dedicated to working with the other members of Good Neighbors to continue to improve the quality of life and advocate for residents during the redevelopment of Treasure Island. Thank You for your vote!

Secretary - Mark Connors For the past few years it has been my pleasure to serve as President and co-founder of Good Neighbors of Treasure Island and Yerba Buena Island. I am committed to this organization and the stated purpose of working together to improve our quality of life.

Continued on page 7



Island Youth Need Your Help!

The Boys and Girls Club on Treasure Island serves over 100 youths with a number of services and programs but continually need volunteers!

Opportunities for regularly scheduled or drop in tutoring and mentoring are available.

Don't short change yourself on what you can do to impact a youth!

Contact Lavina DeSilva @ 415-362-1393 or email at
lidesilva@kidsclub.org

CITY & COUNTY OF SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

February 16, 2011

Dear Treasure and Yerba Buena Island Resident,

As we head into a new year on Treasure Island, I would like to take this opportunity to reach out to our residents and reaffirm TIDA's continued commitment in addressing quality of life issues. In 2010, our improvements projects included: repaving the Treasure Island Causeway, the Main Entrance and Avenue of the Palms and installing bollards along the waterfront. These improvements completed the Western Promenade project and complimented the work we started earlier to improve the Front Gate Entrance Area. This past month we implemented our Vegetation Management Plan which removed hazardous trees from Yerba Buena Island, and made repairs to the playground. Our goal is to keep the Island attractive with an emphasis on public safety during this interim period.

Regarding the appearance of the Island, lately we have noticed an increase in graffiti, some disturbing. Graffiti is an epidemic that erodes our quality of life. If left unabated, graffiti spreads and tends to attract other forms of blight and unwanted behavior to our neighborhoods. TIDA takes this noted increase in graffiti very seriously. Each day DPW staff is dispatched to locations on the Island for graffiti removal. However, we need your assistance. If you see any graffiti or witness someone tagging or defacing property on the Island, please report it to TIDA at 415-487-4841. This is our new graffiti hotline number. It is important to know that any person who defaces property is guilty of a crime, punishable by imprisonment, community service and/or fines. Damages of more than \$400 may be treated as a felony, even if the vandal is a minor. Further, parents are financially responsible for the criminal misconduct of their children.

My staff and I look forward to working with you on improving the Islands' quality of life. As residents, you are our best source of information by pointing out needed repairs and maintenance issues. If you see any problems as you travel around the Island, please contact the TIDA office at 415-274-0660 and report them. We thank you for all of your support and look forward to a safe 2011.

Sincerely,

Mirian Saez
Director of Island Operations

E-mail Updates from Good Neighbors

Good Neighbors sends out at least one email per month containing the community newsletter and sometimes more. If you would like to get these updates, please write to:

Good_Neighbors@comcast.net. Your information will be treated as confidential and your address will not be shared with others.

To ensure that future announcements from Good Neighbors of Treasure Island and Yerba Buena Island are delivered to your inbox (not your bulk folder), please add **Good_Neighbors@comcast.net** to your address book.

If you have already signed up but are not getting announcements, please check your SPAM filter.

NOTE: Signing up on the list does not make you a member. To become a member, please visit **TreasureIslandSF.org** and complete an online membership application.

Quality of Life—continued from page one

We are currently looking over the results and will provide an overview at our Annual Good Neighbors meeting on March 12. We will publish a more complete review of the survey sometime in March.

The report will contain observations and recommendations based on the survey results and organizational experience.

Generally speaking, the results are encouraging. Despite a spike in burglaries in January, 58% indicated they had a good or excellent quality of life, 50% indicated that things have improved over the past year, and most were relatively happy with their housing providers.

Confirming what we have known all along, people aren't so happy with the Transbay Terminal. The bus shelters need improvement as does the lighting in the residential areas. The free WiFi is reported to have a low level of satisfaction, as does cell phone reception.

Burglary, property crimes plus, crime/safety on the MUNI 108 are on the top of the list of community safety issues. These issues will be examined in more detail.

What are we going to do with this information? First, we will produce a report with the results and suggestions for improving our quality of life. Second, we will use the information to help us determine the future efforts of Good Neighbors. Finally, we plan on conducting the survey annually so that we can track changes in the quality of life issues over time. Our heartfelt thanks to all that participated!

Job Corps continued from page 7

Special thanks to District Director Anne Taylor of the Congresswoman Lee's Oakland office and her staff for supporting and sponsoring the Treasure Island Job Corps Congressional Office Assistant program in the Congresswoman Lee's office. Your support makes a TREMENDOUS difference in the lives of our students. This sentiment was reflected by Antonia Harris who said to reporters about her work based learning experience:

"Being in (the congresswoman's office) opened my mind to a better world, what can be better."

Thank you all to our INCREDIBLE community for going the extra mile in mentoring, supporting, training and motivating our students towards excellence!

Wilhelmina Parker, Business and Community Director



Smokers!

Please be considerate of your fellow passengers on the 108. Don't smoke in or within 200 feet of any MUNI stop or shelter.

SF Health Code Article 19F Sec 1009.22

SFTP continued from page 3

The Authority's work on the SFTP is being overseen by a Technical Advisory Committee made up of public agency representatives and a 19-member Community Advisory Committee representing a wide range of interests and neighborhoods. The Authority would also like input from the general public on the SFTP. Here are ways in which you can be involved and learn more:

- Fill out our survey on transportation conditions and needs in San Francisco at www.surveymonkey.com/s/sftp.
- Attend public workshops at key phases throughout the process. Check out the project website, www.movesmartsf.com, for upcoming dates and times.
- If you have any questions or would like additional information, email us at MoveSmartSF@sfta.org or call the project hotline, at (415) 593-1670.

Look out for your safety and that of your neighbors as well!

To report a crime
always call the police first!

For Emergencies or crimes in progress
dial 9-1-1
(from a cell dial 415 553-8090)

For Non-Emergencies (415) 553-0123

Good Neighbors Board — Continued from page 4

Board Members-At-Large

Kathryn Lundgren - My name is Kathryn Lundgren and I would like to declare my candidacy for Seat on the board of Good Neighbors. I have sat on the board since the inception of our community group and have enjoyed the experience of working for such a vibrant community and the improvement of the islands that we call home. I would like to participate in a greater capacity this coming year with a focus on safety awareness and access to resources. Thank you for your attention and I hope you will allow me to contribute again as you elect your new board.

Seanda Conlay - My name is Seanda Conlay I have been living on Treasure Island for seven years. I am very active in the community whether it's on the island or off, I am all for bettering the youth. I have worked in many different types of organization's that deal with families, I feel being part of this board that I would be a good voice for my community. I am loyal and role model by my own walks of life. I would love to share my Idea's with you

Andrea McHenry - I have served on the board of Good Neighbors for the past year, and attended and actively participated in quality-of-life improvement projects for the past five years with various organizations. I would like to continue to support this effort - very much - but I'm happy to defer my former position of secretary to a person with a laptop!

Nora Calderon - I would like to become a board member to help the community especially the Latino Community and other minorities.



TIHDI
Treasure Island Housing Development Initiative
Housing that works for the community

LEARN TOGETHER GROW TOGETHER PLAY TOGETHER

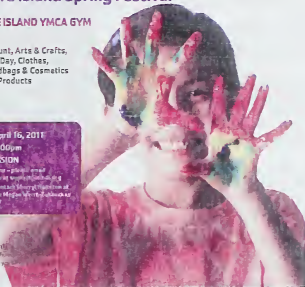
Treasure Island Spring Festival

TREASURE ISLAND YMCA GYM

Easter Egg Hunt, Arts & Crafts,
Healthy Kids Day, Clothes,
Jewelry, Handbags & Cosmetics
and Organic Products

Saturday, April 16, 2011
11:00am - 3:00pm
FREE ADMISSION
Individuals - \$5.00
Groups - \$10.00
Corporate - \$25.00
415 S. Seward Ave. #100
Treasure Island, CA 94133

TREASURE ISLAND YMCA
145 3rd Street, Suite 100
Treasure Island, CA 94133
PH 755 9237 www.tiymca.org



Job Corps continued from page 4

Students who had the opportunity to speak to the congresswoman were also interviewed by the press for a variety of news reports (both print and TV) including Ms. Antonio Harris, Mr. Seda-Sanchez and Mr. Keith Prader; all Treasure Island Job Corps students.

Ms. Harris an Office Assistant student, recently completed a 10 week long internship at the Congresswoman's office learning valuable skills in front office support; while Security Trade student Jean Seda-Sanchez shared how enrolling in the program facilitated his career in the Security Trades field. Mr. Seda-Sanchez is currently working as a security services professional and earning a great paycheck! Student Keith Prader, also a student at the center, remarked to reporters that he had no prospects when he enrolled in Job Corps in 2009 after dropping out of college. Now he is headed to Howard University in the fall. Keith shared: "I had no idea what I was going to do," he said. Now he wants to be a social worker, a path he said would never have occurred to him before the program.

During her tour and press conference, Congresswoman Barbara Lee remarked about our very own Center- "This is a program that's for real, and it really has something for our young people"

This is a sentiment I know we all share; and Center Director David Miller spoke for all of us here at Treasure Island Job Corps and all other Job Corps in the nation when he remarked during the congresswoman's visit:

"Our job is to provide students with the academic, vocational and social skills required to get and keep a good job."

What a ringing endorsement of all the hard work of staff, support of our WONDERFUL community, dedicated students and a remarkable way to make a difference!

The staff, students and community at Treasure Island Job Corps send our heart felt thanks and gratitude to Congresswoman Barbara Lee and her staff for her seminal work in creating practical opportunities for our students.

Continued on page 6

We're on the web!
www.TreasureIslandSF.org

How To SUBSCRIBE

Anyone can subscribe to this FREE newsletter by sending your request to:

Good_Neighbors@comcast.net

Please encourage your housemates, neighbors, and others interested in Treasure Island to sign up.

Or, residents of the Villages, can also send an email to:

Villages@JSCO.net

With the subject "Email Notices Sign-up" and include your name, address and contact info. Staff will verify the information, then send the latest community news.



Next Quarterly Meeting

Saturday, March 12
Shipshape
11 am-1 pm

Call (415) 520-6653

FREE TAX HELP STARTING SOON!

Don't pay to get your taxes prepared.



Ship Shape Community Building

850 Ave I Treasure Island 94130

OPENS Weds January 19th, 2011

THEN open every Weds, Thurs 1p-5p
and Saturday's 10a-1p

Call the Business Assistance Center for Appointment

415.988.4810 Or 415.274.0311



What to Bring:

- ✓ Social Security Card
- ✓ All W2s, 1099s and income forms
- ✓ Landlord contact information
- ✓ Bank Info for Direct Deposit
- ✓ Last year's tax return !!

* Childcare provider name, address, and tax ID number



Earn Keep It Save It!

**BANK ON US
SAN FRANCISCO**
EVERYONE IS WELCOME



Peace of Mind?



Get an ADT security system with **FREE** installation & activation.

You may also get a discount on your renter's insurance.

Costs are a \$50/year alarm license* to City of San Francisco
and \$43/month to ADT for the standard system.

You get: Keypad, 2 door/window sensors, 1 motion detector, 1 remote control, indoor audible alarm, 2-way voice communication, Smartphone, 24-hour battery backup, yard signs and window decals.

Call Rico Sanchez (650) 290-4590 or email rsanchez@adt.com.

* Pro-rated by quarter if you buy after March.

Worth Every Penny.

SFBG

SAN FRANCISCO BAY GUARDIAN ONLINE

Published on *San Francisco Bay Guardian* (<http://www.sfbg.com>)[SFBG](#) > [Politics Blog](#) > Printer-friendly

Redevelopment debate full of bum choices

By sarah

Created 03/02/2011 - 6:37pm



At the Potrero Hill Democratic Club's debate about Gov. Jerry Brown's proposal to ax local redevelopment agencies to balance the state's \$26 billion deficit, folks attempted to evaluate if redevelopment agencies are essential for job creation and community revitalization, if reform, not total destruction, is possible, and if bum choices are all we have to look forward to.

The Chronicle's Marisa Lagos, who moderated the debate, noted that redevelopment agencies were created over 60 years ago to create economic development opportunities by borrowing against future tax increases that agencies think they can create.

"That's a fancy way to say 'borrow against future taxes,'" Lagos joked, pointing to the Candlestick Point/Hunters Point Shipyard project as an example of an ongoing project, and the Yerba Buena project as an example of a completed success.

"The Governor is arguing that when the state is cutting schools and other essential services, this is not the best use of tax dollars," Lagos stated.

Panelist Olson Lee, deputy executive director of San Francisco's Redevelopment Agency, pointed to affordable housing as evidence of the agency's positive impact.

"I think Redevelopment is important because of the good things it has done," Lee said, pointing to 11,000 units of affordable housing that the agency helped build in the city.

Panelist Carroll Wills, the communications director for the California Professional Firefighters, said "many wonderful projects" have occurred under Redevelopment. But he

pointed to what he called "a decade of tricks and games," on the part of Redevelopment agencies as one reason why the state is in a fiscal crisis that threatens firefighters' jobs.

"Concrete does not trump core services," Wills said, arguing that it's not clear that many affordable housing projects would not have been built without redevelopment aid

Arc Ecology's Saul Bloom accused Gov. Brown of "short-circuiting" what could have been an important statewide discussion about redevelopment reform, with his bombshell suggestion in January to eliminate redevelopment agencies entirely.

"I'm sympathetic to the argument that Redevelopment takes money away from core services," Bloom said. "But what do we do to replace it? And is economic development versus core services a false choice?"

Lee pointed to Mission Bay as further evidence of Redevelopment's success.

"It was considered a brown field, and through development, it's much different," Lee said, noting that 20 percent of tax increment financing goes to the General Fund to pay for redevelopment infrastructure. "Clearly the university would not have been there. It was an opportunity to place UC there and generate economic opportunities."

Wills argued that Redevelopment Agencies are a luxury we can no longer afford, even as he acknowledged being unfamiliar with local redevelopment projects.

"At best, redevelopment moves around the pieces," Wills said. "It doesn't increase economic development and it doesn't necessarily pay for itself."

Bloom noted that developments like Mission Bay are dependent on large institutions, like the University of California, which can't be forced to implement city laws like local hire.

And he said he found it "disappointing" that there wasn't much more of a dialogue around the plans to redevelop Candlestick Point and the Shipyard, despite the fact that the city held hundreds of meetings over the past decade.

"It was more a case of, Here's our idea, tell us what you think of it," Bloom said. "Perhaps if we had invited the nation's largest industrial developer, instead of the nation's second largest home developer, we would have had a different dialogue."

Lee replied that the Shipyard has been under discussion for 15 years.

"It's a very large project, the largest in the Western United States," Lee said. "It's a brownfield ^[1], though I know Espanola will say it's a Superfund site ^[2]," he continued, as Bayview elder Espanola Jackson bristled under her hat, and the audience wondered if Lee meant that the US E.P.A. somehow got it all wrong.

Lee further shocked audience members by saying Treasure Island was not a redevelopment project (leading Bloom to clarify that Treasure Island is under the jurisdiction of the local Treasure Island Development Authority, if not the SF Agency).

"People felt they wanted economic development at the shipyard," Lee continued, noting that the neighborhood suffered after the Navy withdrew from the shipyard in the 1970s. But he did not mention that major bones of contention around the redevelopment

proposal, centered on plans to build 10,000 mostly market-rate condos, a bridge over an environmentally sensitive slough, the taking of a chunk of the community's only major park, and no proof that thousands of promised jobs will materialize.

Wills noted that most local redevelopment commissions are peopled by the members of each municipality's city council, a situation he believes leads to a lack of accountability. But members of the audience, including this reporter, noted that San Francisco's Redevelopment Agency consists entirely of mayoral appointees, who, unlike elected officials, can't easily be voted off the proverbial island.

It was at this point that panelist Calvin Welch, a longtime housing activist, showed up at the debate, apologizing for being late, but blaming his tardiness on being on a phone call with Sen. Mark Leno to discuss Brown's redevelopment proposal.

And from there, the conversation veered towards discussions of what could happen to existing redevelopment projects if Brown goes through with his elimination threat.

Lee noted that if projects simply had a disposition and development Agreement (DDA), but Redevelopment was no longer there, there would be no project financing. "The devil's in the details," Lee said. "Because if you don't have bonds, what's the point of having an agreement."

Wills opined that Gov. Brown's proposal has "a vehicle to roll back the bum's rush" of projects that local municipalities have been trying to push across the finish line, ever since Brown dropped his Redevelopment elimination bomb in January.

Welch went off on a historical riff about how the San Francisco Redevelopment Agency (SFRA) was met with controversy and outrage until 1988, when Art Agnos was elected mayor, and brokered a deal under which SFRA could do tax increment financing, provided the majority of funds were used for affordable housing.

"It became a finance agency to build infrastructure and affordable housing," Welch said, noting that attempts to build out Mission Bay around commercial offices and high rises failed, until the Agency used *tif* to redevelop the site.

"But mark my words, Lennar is going to come out of this just fine," Welch added, reminding me of a recent comment that former Lennar executive Emile Haddad reportedly made ³ that suggests Haddad believes the California housing market is poised for a rebound.

(The article outlined how Haddad sold 12,000 acres in California for a \$277 million profit at the housing market's peak four years ago, reacquired it at half the price in 2009, and is now saying it's time to build in his new role as CEO of FivePoint Communities Inc., which is developing four new master-planned communities with a combined 45,000 residences at Newhall Ranch north of L.A., the El Toro Marine Corps Air Station in Orange County, the Candlestick Point/Hunters Point shipyard and Treasure Island in San Francisco, with investors including Lennar, Michael S. Dell's MSD Capital LP, Ross Perot Jr.'s Hillwood Development Co. and Rockpoint Group LLC. "I don't want the party to show up and I'm not dressed," Haddad, 52, reportedly said in a recent interview. "When the market says 'I'm here,' we'll be one of the few that can deliver inventory."

(The Haddad article, which appears to be a non-bylined reprint from Bloomberg News, also claimed that Hunters Point sales are set to begin by late 2012 with prices starting at \$525,000, as the Navy continues its cleanup of the 700-acre site. And that the plan now calls for as many as 12,000 homes, 3 million square feet (of commercial space and a new stadium for the 49ers. And that 7,000 homes may eventually be built on Treasure Island and adjoining Yerba Buena Island, under terms of a final development agreement that may go before the San Francisco Board of Supervisors for approval in May, with units averaging \$800,000 and reaching up to \$2 million, according to Lennar V.P Kofi Bonner.)

And during the Potrero Hill Dems debate, Bloom noted that the Treasure Island plan is being "sped up" and that the Board is expected to vote on the plan as soon as possible. "But since these plans were not bonded before January [when Gov. Brown took office], what's the point of speeding up the process?" Bloom asked.

"We're basically seeing a brick wall," Welch interjected. "There are virtually no funds for permanent affordable housing in San Francisco. But Jerry Brown is not going to commit financial hari kari. Every major developer of market rate housing will come out just fine, because of state actions, not because of a local vote. Deals are going to be made. It's the question of affordable housing that's our challenge. You're gonna be stuck with public housing, as it is, unless there's affordable housing financing."

Wills claimed that Prop. 22, which voters approved last November, "created a mechanism so rigid," that the state's only option was to eliminate redevelopment. "Basic services are dying on the vine," he said. "We can't afford to give developers subsidies."

Lee noted that SFRA built thousands of affordable units over the years that saved the city thousands in terms of core services it would otherwise have to provide. "Affordable housing is so basic, you can't do things we take for granted if you are living under a freeway," he said.

Bloom suggested Redevelopment could do a better job of economic development, including the creation of permanent and sustainable jobs, like his proposal to create maritime uses at the Shipyard—something not entertained under the city's Shipyard plan.

Welch connected the dots between the taxpayer revolt that led to Prop. 13's passage and the current fiscal woes of municipalities unable to raise taxes on commercial development. "That's a killer," he said, noting that housing costs more to build and maintain than it generates property taxes, especially if it's family housing. "It's those damn kids," he joked.

Welch noted that Gov. Brown used redevelopment money to enable market rate development in downtown Oakland when he was mayor of Oakland—and claimed that Brown equated affordable housing with crime, at the time.

"We love Brown better than Meg Whitman, but it's 2011 and we face bum choices."

Community advocate Sharen Hewitt, who heads the C.L.A.E.R. project, asked if the panel thought San Francisco could be a "demonstration model" for using Redevelopment funds to build 50 percent affordable housing.

Welch said conversations have "already happened" between Mayor Ed Lee and Gov. Jerry Brown that have led him to believe that, "all of San Francisco's redevelopment

projects will be made whole, affordable housing will be protected and Brown will be committed to a San Francisco model."

"It's like the film Casablanca, when people are shocked to find out that gambling is going on in a casino," Welch said. "People are shocked to find out that capital talks in a capitalist system."

Espanola Jackson asked Welch what will happen to the shipyard development, in face of a lawsuit that POWER brought that's due to be heard March 24.

"The shipyard plan has a political function," Welch said, noting that it was the result of a citywide vote in 2008. "We opposed it, but we lost. The structure of that deal flows from the vote."

City College Board member Chris Jackson expressed frustration that the Redevelopment conversation had devolved into a housing conversation.

"Mission Bay is all about biotech, but who works at UCSF?" Jackson said, noting that Redevelopment, as a state-funded agency, does not have to agree to the city's newly approved local hire law.

Welch acknowledged that there has never been a study to determine the tipping point required to lift the Bayview out of poverty.

Lee admitted that Redevelopment's focus has been housing, "because San Francisco is such an unaffordable city." But he claimed that SFRA had a "much more aggressive program on local hire than the city, for many years." Noting that SFRA has tried to attract restaurants and food establishments to Third Street, over the years, Lee said, "It hasn't been something we've been particularly successful at."

Welch opined that the "skills and abilities of the San Francisco community are far greater at stopping projects and protecting neighborhood character, but we can't figure out how community-based organizations can employ their own people."

And then it was time to go back out into the cold March wind and try to wrap our minds about the true meaning of "bum choices" in 2011.

redevelopment Sarah Phelan

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Links:

[1] <http://www.youtube.com/watch?v=Up8y2VL9Tdk>

[2] [http://yosemite.epa.gov/r9/sfund/r9sfdoww.nsf/vwsoalphabetic/Hunters Point Naval Shipyard?](http://yosemite.epa.gov/r9/sfund/r9sfdoww.nsf/vwsoalphabetic/Hunters+Point+Naval+Shipyard?OpenDocument)
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America's Cup Impact

Updated 5:45 PM PST, Wed, Feb 23, 2011 |



Ezra Shaw

The San Francisco Planning Department is holding public meetings Wednesday tonight and Thursday to discuss environmental issues that might arise from the America's Cup sailing race being held in the city in 2013.

The public scoping meetings will help city officials determine what they should focus on when drafting an environmental impact report for the project, which will transform much of San Francisco's northern waterfront to handle the race activity, environmental planner Joy Navarrete said.

Oracle CEO Larry Ellison's BMW Oracle Racing team won the previous America's Cup in 2010 on behalf of San Francisco's Golden Gate Yacht Club, and got to choose the host city for the next race.

After months of consideration, the team announced on Dec. 31 that it had selected San Francisco to host the event, which includes the America's Cup World Series in 2012, the America's Cup Challenger Series in July 2013, and the America's Cup Finals in September 2013.

Though the exact race route has not been finalized, competitors are expected to sail from the start line at Pier 27 north of the Bay Bridge, circle around Alcatraz, then travel past Sausalito and the Golden Gate Bridge, and return to the finish line at Pier 27.

According to the city's proposal, Piers 27 and 29 would be home to an America's Cup Race Village that would be converted to a new cruise ship terminal after the race, and other piers along the waterfront would be used for race operations.

Various viewing sites would also be built along the waterfront, including near AT&T Park, Fisherman's Wharf, Marina Green, Fort Mason, Alcatraz Island and Treasure Island.

The California [Environmental Quality](#) Act requires that the planning department prepare a report assessing the environmental impacts of the project, from marine biology in the Bay to issues of transportation and historic resources in the city, Navarrete said.

The department is holding the meetings tonight at City Hall and Thursday at the Port of San Francisco to seek the public's input on what specific environmental issues they think the report should address.

Navarrete said the department hopes to complete a draft of the report by this summer, and a final version this fall.

The issue of the possible displacement and relocation of some 80 businesses along the affected piers is not expected to be addressed at this week's meetings, Navarrete said.

"It's strictly on environmental issues," she said.

The Board of Supervisors is expected to address the issue of the displaced businesses in a hearing at an undetermined later date.

Tonight's meeting will be held in Room 250 at City Hall. Thursday's meeting will be held at Pier 1, located near The Embarcadero and Washington Street. Both meetings are scheduled from 6:30 p.m. to 8:30 p.m.

Written comments are also being accepted until March 11, and can be sent to Bill Wycko, San Francisco Planning Department, 1650 Mission St., Suite 400, San Francisco, CA 94103.

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Lennar bets on ex-officer's California plan

Bloomberg News

2011-02-22 12:00:00 AM

Emile Haddad, a former Lennar Corp. executive, sold 12,000 acres in California for a \$277 million profit at the housing market's peak four years ago. He and his partners then reacquired it at half the price in 2009.

Now, Haddad says, it's time to build.

Haddad, chief executive officer of FivePoint Communities Inc., is developing four new master-planned communities with a combined 45,000 residences, two in the Los Angeles area and two in San Francisco.

Construction of the first homes is scheduled to begin in the second half of this year. Investors including Lennar, Michael S. Dell's MSD Capital LP, Ross Perot Jr.'s Hillwood Development Co. and Rockpoint Group LLC are banking on the projects as the state emerges from a five-year housing bust.

"I don't want the party to show up and I'm not dressed," Haddad, 52, said in an interview at the Aliso Viejo, California, office he leases in Lennar's West Coast headquarters. "When the market says 'I'm here,' we'll be one of the few that can deliver inventory."

Los Angeles and San Francisco were two of only four major U.S. housing markets with year-over-year price gains in November, according to the S&P/Case-Shiller index. Values have risen 23 percent statewide from the trough in February 2009, with affordability at the highest level in a decade for first-time buyers, data from the California Association of Realtors show.

Nationwide, the rising stock market and improved consumer sentiment may spur buyers who delayed purchases during the 18-month recession, said Karl Case, emeritus economics professor at Wellesley College in Massachusetts.

'Reasonable Housing Market'

"With higher incomes and wealth and expectations, it seems to me that demand ought to do something," Case, co-creator of the price index, said in a telephone interview. "There might be a reasonable housing market this spring."

Lennar is counting on it. Regulatory filings show that the Miami-based homebuilder, the third-largest in the U.S. by revenue, has about a quarter of its \$626 million of joint venture investments in Haddad's master-planned sites at Newhall Ranch north of Los Angeles, the former El Toro Marine Corps Air Station in Orange County and Hunters Point and Treasure Island, both former U.S. Navy bases in San Francisco.

"Over the past five years we've taken a lot of pain on some of these ventures," Lennar Chief Executive Officer Stuart Miller said during a Jan. 11 conference call, after reporting the company's first annual profit since 2006. "As we come out of 2010, we are getting better positioned to reap some benefits from some of those deals."

Environmental, Legal Hurdles

FivePoint faces environmental, legal and financial hurdles that could delay delivery of homes in each of its four locations, according to John Burns, chairman of John Burns Real Estate Consulting in Irvine, California.

"These projects are the most difficult in the state of California," said Burns, who has advised some of Haddad's partners. "Every one of those big investors is unhappy with their investment, but continue to back Emile because they feel his team gives them the greatest chance for success."

Hunters Point sales are set to begin by late 2012 with prices starting at \$525,000, as the Navy continues its cleanup of the 700-acre (283-hectare) site. The plan calls for as many as 12,000 homes, 3 million square feet (279,000 square meters) of commercial space and a new stadium for the National Football League's 49ers.

Treasure Island Homes

More than 7,000 homes can eventually be built on Treasure Island and adjoining Yerba Buena Island, under terms of a final development agreement that may go before the San Francisco Board of Supervisors for approval in May, said Michael Tymoff, the city's deputy director for redevelopment on Treasure Island.

With views of San Francisco's skyline and the bay and planned ferry service to the city, units will average \$800,000 and may reach \$2 million, said Kofi Bonner, a Lennar regional vice president.

FivePoint expects to sell an average of 650 homes a year from the two projects, Haddad said. That's a lot to expect for San Francisco, which absorbs about 1,000 new homes a year, said Tony Avila, CEO of San Francisco-based Avila Advisors, a homebuilding investment consulting company.

"Hunters Point and Treasure Island will cannibalize each other," he said.

Todd Platt, CEO of Dallas-based Hillwood Investments, a unit of Perot's company that's investing in Hunters Point, declined to comment.

El Toro Restructuring

At El Toro, Haddad completed a financial restructuring in December in which State Street Corp. wrote down \$425 million of a \$625 million loan. State Street also extended a line of credit while the project's investors each put in additional, undisclosed equity.

The first of 5,000 home sites may begin selling to builders by the end of next year, Haddad said, with the smallest homes starting at about \$400,000.

"We expect to be with this project for a number of years to come," said Patrick Fox, managing member of Boston-based Rockpoint, which has invested \$8 billion in properties since 1995. "Emile is one of the premier residential land developers in the United States."

Fox wouldn't disclose the size of Rockpoint's El Toro investment. Other investors in the project -- Lennar, New York-based MSD Capital and LNR Property Corp., a Miami Beach-based real estate investment and management company -- declined to comment.

Born in Beirut

Haddad was born in 1958 in Lebanon, where he studied civil engineering at the American University of Beirut and ran a construction company. In 1986, Haddad, his parents and his fiancée fled Lebanon after 11 years of civil war in the country.

In California, he worked a series of real estate jobs, rising to senior vice president at Bramalea Ltd., a Canadian developer that filed for bankruptcy in 1995. When Lennar acquired Bramalea's Southern California assets, Haddad went along, rising first to western regional president in 1998 and, in 2006, to chief investment officer.

As CIO, Haddad oversaw deals that netted Lennar about \$1 billion, he said in a Jan. 26 interview at a hotel near Lennar's San Francisco offices. He ushered real estate proposals through regulatory approvals and public hearings and found investors to get projects "out of the quicksand."

"We create value, bring somebody in, take chips off the table," he said.

Buyer for Newhall

In January 2007, with the U.S. housing bubble near its peak, Haddad found a buyer for Newhall. The largest U.S. pension fund, the California Public Employees' Retirement System, was expanding its real estate portfolio and paid \$970 million for 68 percent of the 12,000-acre site and other development sites. Lennar, which had acquired the property three years earlier, booked a \$277 million profit on the deal.

In June 2008, with California home prices down 59 percent, the Newhall development entity filed for bankruptcy protection and Calpers wrote off the investment as a total loss. Thirteen months later, under a court-approved reorganization, Haddad and Lennar paid \$140 million to regain a 15 percent equity in the site, management control and immunity from creditor lawsuits.

"That was extraordinary," said Vicki Bryan, senior bond analyst for Gimme Credit LLC, a New York-based corporate bond research firm. "I'd say Lennar is crazy like a fox. It's not an accident that they were well-covered in that deal."

Acquiring Newhall a second time was the catalyst for Lennar to create FivePoint as a standalone entity to manage long-term, large, master-planned communities, said Jonathan Jaffe, Lennar's chief operating officer.

'Enhance Shareholder Value'

"By restructuring assets and separating the management team from Lennar, we have created an opportunity to significantly enhance shareholder value," Jaffe said in a statement in response to questions from Bloomberg News.

Haddad said he was prepared for tough times in real estate by the many nights he spent sheltered in his Beirut building's stairwell during wartime.

"When the bombs start falling, there are two questions you want to ask," he recalled telling the staff at Newhall Ranch after the company filed for bankruptcy. "When is it going to be over, and will I survive? I cannot answer those questions. But I can tell you I will be in it with you till the last minute and I'll work day and night to make sure we come out of it alive -- as many of us as possible."

Master-Planned Communities

FivePoint is planning about 21,000 new homes in Newhall, doubling the size of Valencia, an adjoining master-planned community begun in 1965. The built-up value of Valencia is now about \$14 billion, according to data from Los Angeles County's assessor.

FivePoint, should it meet performance goals, will receive as much as 12.5 percent of the equity in Newhall, Haddad said. That equity will be split between his company and Lennar, which owns 60 percent of FivePoint to Haddad's 40 percent share.

"The more they get paid, the more I get paid," he said.

Haddad's investments for Lennar don't all make money. A commercial and residential development in Anaheim, California, by Platinum Triangle Partners, a joint venture in which the homebuilder invested \$107.5 million, stalled after the local real estate market slumped in 2007, Haddad said.

FivePoint's prospects may be tempered by California's 12.5 percent unemployment rate, the highest after Nevada's, and lingering effects of the housing bust. The state ranked third, behind Nevada and Arizona, in foreclosure filings per household in January, data seller RealtyTrac Inc. reported Feb. 10.

Governor Brown's Plan

Haddad's plans also are threatened by California Governor Jerry Brown's proposal to eliminate local

redevelopment agencies, which have used \$5 billion in annual tax revenue to finance real estate projects, affordable housing, roads and parks. Brown wants the state to use the money to fill its \$25 billion budget deficit.

The Brown plan as currently proposed would be fatal to Treasure Island and other real estate proposals around the state, which rely on a tax-increment financing tool that is crucial for redevelopment, Tymoff said.

"This is fundamental to realizing the project and the enormous public benefits that go along with it," he said. Delays and obstacles come with the territory, Haddad said.

"In this business, we don't plan for the next two years," he said. "We plan for two decades."



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Treasure Island proposal cuts tower down to size

John King, Chronicle Urban Design Critic
Sunday, February 20, 2011



The ambitious plans for San Francisco's Treasure Island have been inching their way through City Hall for so long, it's hard to believe the final round of hearings has arrived.

And here's a signal the endgame has begun: the tallest tower's potential height is being lowered by 200 feet.

The vision still includes pollution-absorbing wetlands, a working farm, a new ferry terminal and as many as 8,000 housing units - all on 404 acres summoned into existence barely 70 years ago.

But by toning down the skyline of the new neighborhood, proponents are acknowledging something that should have been obvious all along: even a project billed as "an international exemplar of sustainable development" should know its place.

The development proposal for the former Navy base concentrates housing in an L-shaped band along the island's west and south sides, placing most residents within a 10-minute walk of the planned ferry terminal. Another 230 acres would be converted into a variety of parks and semi-natural spaces.

Many of the residential units will be in buildings below 85 feet in height. But the plan adds the vertical flourish of a quartet of towers that would rise near the handful of buildings that remain from the Golden Gate International Exposition, the 1939 event for which Treasure Island was shaped from bay sand and mud alongside Yerba Buena Island.

Until last month, the plan conceived in 2005 placed a 650-foot peak in the midst of a trio of 450-foot towers. Now the central high-rise would be 450 feet, with 315-foot towers on its flanks.

This is a move in the right direction.

SEE HOW
WEIGHT
WATCHERS
CAN FIT
YOUR LIFE.

WeightWatchers
BECAUSE IT WORKS

Symbol of region

Because of their location, Treasure Island's towers will be viewed in the context of how they complement or clash with the Bay Bridge - a structure that in a very real sense is one of our region's icons and binding symbols.

But for all their forceful drama, the towers holding the western span top off at around 525 feet. That's also the height of the new eastern tower.

The initial heights meant that this virtual city, being touted as an environmental showcase, would one-up its closest neighbor. Nor would the bridge-topping floors contain public viewing platforms. They'd be penthouse aeries for the privileged few.

The developers readily concede that heights were lowered in part to forestall the possibility of a distracting fight: "There was nothing about the skyline we proposed that wasn't beautiful in my eyes," said Chris Meany of Wilson Meany Sullivan, part of the development team that also includes Lennar Urban and Kenwood Investments.

But the plan still allows a skyline - and that's fine.

For Treasure Island to fulfill its potential as a self-contained neighborhood, there needs to be housing for enough people to attract everyday amenities like a grocery store.

Development of this scale also is necessary to help generate such regional benefits as a parkland ranging from promenades to artificial wetlands. Density also helps justify the ferries and on-island bus shuttles that can make it easier for residents to live a car-free life.

The continued presence of towers - albeit more modest ones - might still be a flash point. But there's no reason the district should look like an undifferentiated glob of stucco and glass, a procession of squat blocks.

The schedule calls for three more informational hearings at the Planning Commission. City officials and developers are aiming for a final green light from the Board of Supervisors by the end of May.

Keeping goals in sight

As the expansive project moves to center stage, there are sure to be trade-offs and last-minute posturing.

What's important is that we not lose sight of the enduring challenge - to craft a safe, sustainable and diverse neighborhood that's compelling and unique. Where even residential blocks are enlivened by architectural variety and softened by landscaping that feels like an extension of the parkland beyond.

"We want the result to be neighborhoods woven into this network of green," said Craig Hartman of SOM, one of four design firms working on the project, at an informational hearing last Thursday. The quality of the weave, more than skyline allure, is how Treasure Island ultimately will be judged.

Decades of changes

1937 - Island constructed with an eye toward future use as a regional airport.

1939 - Golden Gate International Exposition premieres.

1942 - Island becomes a naval base.

1997 - Navy base closes. San Francisco creates the Treasure Island Development Authority to oversee the island.

2003 - Treasure Island Community Development is selected as the master developer for Treasure and Yerba Buena islands.

2005 - Plans for a suburban-like project with 2,800 housing units meets a tepid response. A revised proposal makes room for at least 5,500 housing units, some in towers set near a new ferry terminal.

2006 - Board of Supervisors approves the outline of the plan.

2009 - Plan receives a national honor award from the American Institute of Architects.

2010 - Navy agrees to transfer Treasure Island and its share of Yerba Buena Island to the city for \$55 million, with additional payments if developers turn a profit. Revised plan with up to 8,000 units released, as is the draft environmental study.

2011 - Developers and city officials seek final approvals. If this occurs, full development is expected to take at least 15 years.

E-mail John King at jking@sfgchronicle.com.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/02/20/BA8I1HNUBT.DTL>

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California budget plan jeopardizes major projects in San Francisco

Comments (0)

 [Jobs: Current San Francisco Redevelopment Agency projects include Treasure Island growth and the Transbay Transit Center. \(Mike Koozmin/The Examiner\)](#)

The City's Redevelopment Agency has analyzed the potential impact of the governor's proposal to abolish such agencies, and the results are not pretty.

Elimination of the San Francisco Redevelopment Agency would jeopardize major projects such as the Transbay Transit Center and the transformation of Treasure Island, and it would threaten to cancel construction of tens of thousands of new homes across The City.

Gov. Jerry Brown's proposal to close redevelopment agencies and redirect their funding to other state and local needs leaves almost all San Francisco's major development projects at risk, according to an agency report to be reviewed by The City's Planning Commission on Thursday.

Under the governor's proposal, the state would confiscate unclaimed redevelopment funds, although some of that money would be redirected back to local governments for core services such as education and fire and police.

"I personally think it is extremely shortsighted," Planning Commission Vice President Ron Miguel said. "Unless you create a tax base and put people to work, you will not have what you need for the future."

If the Legislature were to approve Brown's proposed budget, \$1.7 billion of city redevelopment funding would be redirected to offset state Medi-Cal and trial-court deficits and \$200 million will go straight back into core programs, a governor's spokesman said.

Meanwhile, \$2.2 billion would be set aside to help complete existing projects, tie up loose ends and cover debt, spokesman H.D. Palmer said.

"We believe that the \$2.2 billion is a reasonable estimate," Palmer said.

But local officials fear there is no guarantee that would cover the agency's existing financial commitments. That is because Brown's proposal does not spell out which pre-existing deals would be allowed to keep their funding and which would not.

"I don't know as of this second what it means for Hunters Point or Treasure Island, where construction has not begun," said Executive Director Gabriel Metcalf of the local think tank San Francisco Planning and Urban Research Association. "That's my fear."

Consequently, the developers of some large projects are rushing to finalize their details to eliminate the risk of funding uncertainty. The developer Lennar Corp. hopes to soon sign an agreement for the massive Treasure Island redevelopment project that would lock in funding before the governor's proposal could take effect.

"Access to public financing for certain projects is essential to bring private investors to the table, particularly for projects in areas that typically have not attracted much investment," Kofi Bonner, Lennar's regional president, wrote in an e-mail.

kkelkar@sfoxaminer.com

[Development](#) [Local](#) [jerry brown](#) [Kofi Bonner](#) [Lennar Corp.](#) [Ron Miguel](#) [San Francisco Planning and Urban Research](#) [San Francisco Planning Commission](#) [San Francisco Redevelopment Agency](#) [Transbay Terminal](#) [Treasure Island](#)

Source URL: <http://www.sfoxaminer.com/local/development/2011/02/california-budget-plan-jeopardizes-major-projects-san-francisco>

From the San Francisco Business Times:

http://www.bizjournals.com/sanfrancisco/morning_call/2011/02/2020-worlds-fair-proposed-for-moffett.html

World's fair

2020 world's fair proposed for Moffett Field

San Francisco Business Times

Date: Monday, February 7, 2011, 7:18am PST

The Bay Area Council is releasing an economic impact study for hosting the 2020 World's fair at Moffett Field in Mountain View, the San Francisco Chronicle reports.

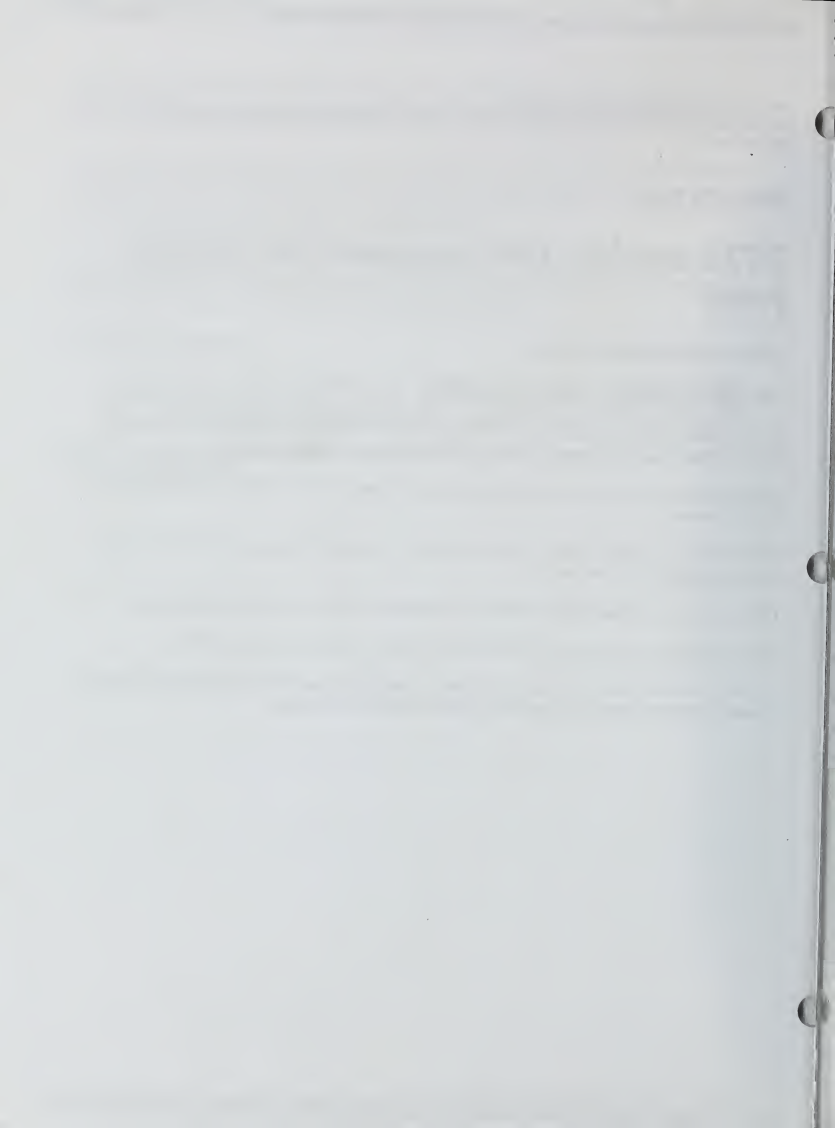
Hosting the fair could create 42,000 jobs, and, drawing 25 million visitors, add \$5.6 billion to the economy.

For the event to be held in the country, however, the United States would have to re-join the organization that oversees it.

The U.S. left the Bureau of International Expositions in 2002 because of unpaid dues.

The organization will choose a 2020 fair site by 2013. A final bid is due in 2012.

The Bay Area has held two expos in the past -- the 1915 expo that produced the Palace of Fine Arts and the 1939 fair for which Treasure Island was created.



AGENDA ITEM 7
Treasure Island Development Authority
City and County of San Francisco
Meeting of March 9, 2011

Subject: **Informational Presentation on the proposed Treasure Island Development Authority Fiscal Year 2011-12 Budget, Including Work-Orders and Memorandums of Understanding for Services with other City Departments and Professional Services Contracts and Agreements with Service Providers (Informational Item)**

Contact: Mirian Saez
Director of Island Operations
415-274-0660

BACKGROUND

This presentation is for consideration of the proposed Treasure Island Development Authority ("TIDA") Budget for Fiscal Year 2011-12 ("FY2011-12") which would authorize the Director of Island Operations to submit the proposed budget to the Mayor of the City and County of San Francisco (the "City") for further review and inclusion in the City's FY2011-12 Budget. Additionally, the proposed budget would authorize the Director of the Island Operations and the Director of Redevelopment to enter into Work-Orders and MOUs with other City Departments for services associated with its operations and redevelopment needs, professional service contracts with vendors, and grants and agreements with service providers.

TIDA was established as a California nonprofit public benefit corporation and delegated certain powers under state and local legislation for the purpose of promoting the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the former Naval Station Treasure Island (the "Base"). Specifically, the Treasure Island Conversion Act of 1997 (the "Act"), passed by the California legislature in 1997, granted to TIDA the State's authority to administer the Tidelands Trust on Treasure Island/Yerba Buena Island and enabled TIDA to be designated as a redevelopment agency under the California Community Redevelopment Law. The Board of Supervisors designated TIDA as the Local Reuse Authority ("LRA") to manage the conversion of the former Base, which includes portions of Yerba Buena Island, from military use to civilian reuse.

The specific mission of TIDA is to redevelop the former Base and manage its integration with the City in compliance with federal, state and city guidelines, including the California Tidelands Trust; create new housing and job opportunities for San Francisco residents, including assuring job opportunities for homeless and economically disadvantaged City residents; increase recreational and Bay access venues for San Francisco and Bay Area residents; and promote the welfare and well being of the citizens of San Francisco.

To achieve these goals, TIDA provides services that can be grouped into two broad categories described in more detail below.

1. Property management and municipal services

2. The transfer of federal property to local jurisdiction and planning of redevelopment activities

1. ***Property Management/Municipal Services.*** Under the provisions of a Cooperative Agreement between TIDA and the United States of America, acting by and through the Department of the Navy ("Navy"), TIDA serves as the property manager for the Base. TIDA is responsible for the overall operations including building maintenance, utility operations and maintenance, landscaping, road repair and management of personal property. In addition, the Cooperative Agreement made TIDA and the City responsible for the provision of municipal services to Treasure Island and Yerba Buena Island including public safety services such as police and fire.

To offset the costs associated with property management and public service responsibilities, TIDA established two principal sources of revenue: (i) revenue generated from interim leasing of existing facilities; and (ii) revenue generated from special events on the Base. TIDA has entered into MOUs and work orders with numerous City departments to provide the spectrum of services required under the Cooperative Agreement, including the Department of Real Estate, the City Attorney's Office, General Service Agency ("GSA"), the Department of Public Works ("DPW"), the Police Department ("SFPD"), the Fire Department ("SFFD"), and the Public Utilities Commission ("SFPUC").

2. ***Transfer of Federal Property/Planning for Redevelopment.***

As the designated local reuse authority, TIDA, working through the Office of Economic and Workforce Development ("OEWD"), is negotiating with the Navy to acquire all real property at the Base that has not been transferred to other federal agencies or the State of California. The portions of the Base proposed to be transferred include approximately 365 acres on Treasure Island and approximately 115 acres on Yerba Buena Island. TIDA has designated OEWD as the lead negotiator and project management entity facilitating the redevelopment of former Naval Station Treasure Island on behalf of TIDA. OEWD works collaboratively with the Treasure Island Project Office to ensure effective coordination of interim reuse and the proposed redevelopment project.

In 1999, TIDA was formed and began an extensive public process which involves establishing a Redevelopment Plan for the reuse of the Islands. Working through OEWD, TIDA has been negotiating with the prospective master developer, Treasure Island Community Development, LLC ("TICD"), who was selected in 2003 through a competitive RFQ/RFP process on the plans, program and business terms of the proposed redevelopment project. In December 2006, the Citizens Advisory Board, TIDA Board, and the Board of Supervisors endorsed a comprehensive *Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island* ("Term Sheet"), which included land use, infrastructure, housing, sustainability, open space, and financing plans.

The 2006 endorsement of the Term Sheet marked a very important milestone in the project, as it specifically guides the efforts required to make the ambitious redevelopment plans for the Islands a reality. These efforts includes negotiating the final terms of conveyance of the property with the Navy, negotiating a Disposition and Development Agreement ("DDA") with TICD, and engaging multiple agencies and stakeholders to

implement the many components of the Term Sheet. In December 2009, TIDA and the Navy reached agreement on the basic financial terms for the transfer of the property from federal ownership to TIDA. In 2010, the Citizens Advisory Board ("CAB"), TIDA Board, and the Board of Supervisors endorsed an Update to the Term Sheet that incorporated the terms of property conveyance from the Navy to TIDA, among other project refinements.

Since that time, OEWD has continued negotiating the final terms of the conveyance agreement with the Navy, negotiating a DDA with TICD, and engaging multiple agencies and stakeholders to implement the many components of the Term Sheet. Completion of environmental review under CEQA, approval of the Economic Development Conveyance Memorandum of Understanding ("EDC MOU") with the United States Navy for transfer of the property, approval of a Disposition and Development Agreement with TICD, approval of an Agreement with the Treasure Island Homeless Development Initiative, adoption of a Redevelopment Plan under California Redevelopment Law, adoption of General Plan and Zoning amendments, and approval of a Tidelands Trust Exchange Agreement with the State Lands Commission, and approval of a Disposition and Development Agreement with Treasure Island Enterprises, LLC for expansion of the marina, among obtaining other regulatory approvals, are all anticipated in spring 2011.

Key priorities during FY 11-12 include initiating property transfer from the Navy and starting the first phase of project infrastructure construction.

FISCAL YEAR 2011-12 BUDGET DISCUSSION

In presenting the proposed FY 2011-12 Budget, a review of this year's revenue and expense is first required. Housing and commercial revenues are on par with annual projections but the economic down turn continues to impact the Joint Venture Special Events income and TIDA's ability to generate banner rental income for use of the space on the east side of Yerba Buena Island. TIDA has not experienced any unplanned costs in Professional and Specialized Services and has kept Administration costs down considerably. The City Department Work- Orders are all encumbered as budgeted and no cost over-runs are anticipated. Redevelopment costs have been reimbursed by TICD as agreed in the Exclusive Negotiating Agreement with the parties.

FY 2010-11 Revenues

The TIDA Budget for FY 2010-11 projected housing revenue at \$4,680,400 which included the Base Rent, Percentage Rent and Common Area Maintenance charges from John Stewart Company (JSCo), our property manager. JSCo maintains that the total 12 months projected income and actual income will be on target through the end of June 2011. In its February 22, 2011 Memorandum discussing the January distribution of percentage rent, JSCo reports that the Actual Total Revenues were 8.9% above Budgeted Total Revenues while that Actual Total Operating Expenses were below Budgeted Total Operating Expenses by about 7%.

The Budget for FY2010-11 projected commercial revenue at \$2,021,030. The January Revenue Report provided by GSA states that commercial revenues are at \$1,087,944, or approximately 54%. A mid year review of projected commercial revenue finds that income is slightly less than budgeted due to the loss of one major tenant associated with the Bay Bridge project. The rental income from the banner space on YBI is down considerably as non-profits are choosing not to utilize the space for advertizing as they have in years past.

The state of the economy continues to negatively impact our Special Events venues managed by the Joint Venture Agreement (the JV) between TIHDI and Wine Valley Catering. It is experiencing a 10% decrease in income as of January and projects the decrease to be as high as 25% for the year end.

FY 2010-11 Expenditures

To date, TIDA has maintained expenses within budget. In the last seven months, we did not experience any unplanned budget expense and we do not foresee any budgets over- runs in City Department Work-Orders as we head into our last quarter of the year. Our Professional and Specialized Services are on target and our Administration costs are under budget.

Fiscal Year 2011-12 Budget

There are two major changes proposed for the FY2011-12 budget year. The first change is the consolidation of our operation and redevelopment budgets to reflect the proposed Disposition and Development Agreement ("DDA") with TICD and the proposed EDC MOA with the Navy that will be submitted to the TIDA Board and the Board of Supervisors for consideration in the coming months.

The second change is our streamlining of the accounts payable and receivable area. A total of 1.25 FTEs were responsible for this function. The General Services Administration (GSA) will take responsibility for all receivables and payables beginning immediately. The GSA MOU will reflect the change, as will the GSA Work-Order.

FY 2011-12 Revenue Projections

The housing revenues from the John Stewart Company (JSCo) are projected to be \$4,748,856 which includes the Base Rent and Percentage Rent. This is a conservative estimate and should improve as we progress through the redevelopment. Our commercial leasing will be slightly impacted by the loss of our ability to lease office space in Building One in order to accommodate the office needs of the redevelopment team.

Overall, TIDA revenue for FY 2011-12 is projected to increase by nearly \$90,000.

FY 2011-12 Expenditure Projections

The total Project Staff expenses-- staff salaries, staff benefits, and our GSA MOU -- are \$1,629,810. TIDA's administrative expenses are minimal at \$80,000. Our operation

Professional and Specialized Service contracts and obligations are maintained at the same level of funding from last year for the Boys & Girls Club, Catholic Charities for the child care facility, TIHDI, YMCA, Toolworks (janitorial), and Rubicon (landscaping). Redevelopment Professional Service contracts are projected to be \$600,000.

The balance of our revenues fund operation Work-Orders with City Departments for administrative services, public works and building service contracts including DPW, City Attorney, SFPD, Risk Manager, Parking and Traffic and the Department of Real Estate in the amount of \$1,520,535. Another \$1,342,000 in Redevelopment City Department Work- Orders is also funded. The approval of the FY 2011-12 Budget authorizes the expenditures under these work-orders.

Expenditures budgeted for the SF PUC is the same as last year, \$998,000. The budget for the PUC utility services is \$648,000 and another \$150,000 is for the rental fee of two generators. In addition, another \$200,000 is set aside as per the Memorandum of Understanding for the repayment of TIDA's outstanding debt from the previous years.

Project Staff proposes the Facilities and Capital Improvements line items for buildings repairs and general maintenance of the islands in the amount of \$350,000.

The proposed FY 2011-12 Budget sets aside \$97,220 for Reserves.

The FY 2011-12 Budget Information is outlined in the following exhibits.

Exhibit A - TIDA Revenue Spreadsheet

Exhibit B -TIDA Revenue Details

Exhibit C -TIDA Expense Spreadsheet

Exhibit D- TIDA Expense Details

Prepared by Mirian Saez,
Director of Island Operations

Treasure Island Development Authority

TIDA REVENUE SOURCES 02/09/2011	2010-11 Approved Budget	Proposed 2011-12 Budget	Difference
Joint Venture Special Events	\$377,410.00	\$362,245.00	-\$15,165.00
TIDA Special Events Revenues	\$157,000.00	\$272,850.00	\$115,850.00
TI Commercial Revenues	\$2,021,030.00	\$1,817,193.00	-\$203,837.00
Film Revenues	\$12,000.00	\$25,000.00	\$13,000.00
YBI Cellsites/ Banner Revenues	\$399,550.00	\$320,550.00	-\$79,000.00
Maritime Revenues	\$90,000.00	\$90,000.00	\$0.00
John Stewart Company Housing Revenues	\$4,680,395.00	\$4,748,856.00	\$68,461.00
Housing CAM	\$139,420.00	\$479,030.00	\$339,610.00
Carryforward/Year End Balance	\$150,000.00	\$0.00	-\$150,000.00
Grand Totals	\$8,026,805	\$8,115,724	\$88,919

I. TIDA REVENUE DETAILS

TI Special Events Revenues

This amount reflects revenues received from special events held on Treasure Island such as corporate events, wedding receptions, and recreational use. The revenues are separated between the Joint Venture Agreement (JV) and the TIDA-booked events to differentiate and monitor funds.

For the JV, TIDA receives fees from the rental of Special Events venues and participation revenue from the food sales (3 %). The JV forecasts \$362,245 in revenues. The JV revenues are decreased from last year due to the economic downturn in the event industry based on forecasts provided by Wine Valley Catering.

For TIDA-booked Special Events, the forecast is \$272,850 in revenues based on increase on interest in TIDA venues.

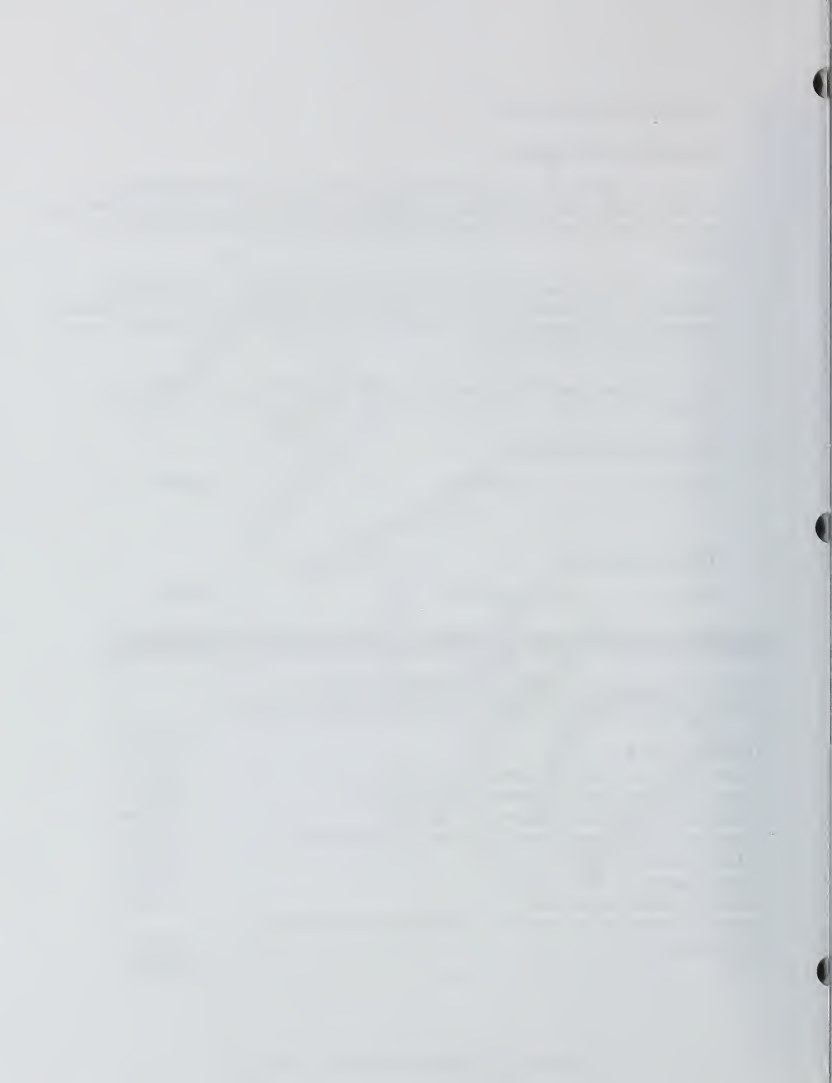
A. Joint Venture Special Events

\$377,410	\$362,245	(\$15,165)
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B. TIDA- Special Events

\$157,000	\$272,850	\$115,850
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TIDA Special Events Revenues FY11-12	Annualized
Great Lawn, Annual Events and Misc. bookings to-date	
SF Market Place-(July 30-31) (August 27-28) (Sept 24-25) (Oct 29-30) (Nov 26-27) 2011	\$15,000.00
TI Triathlon-July 8-11, 2011	\$18,250
Frantic Productions July 11 to September 13, 2011	\$80,000
Oracle Hartmann Studios September -October 2011	\$90,000
CA Dragon Boat Festival- September 17-18, 2011	\$10,500
American Lung Association Healthy Air Walk- October 2, 2010	\$1,600
TI Music Festival-October 15-16, 2011	\$18,500
TI Wine Festival- October 9, 2011	\$2,000
All Star Dog Run October 9, 2011	\$1,000
Safeway Foundation-November 2011 (Specific date has NOT been established)	\$36,000
Total	\$272,850



C. TI Commercial Revenues

TIDA FY 10-11 Budget	Proposed FY 2012-12	Change
\$2,021,030	\$1,817,193	(\$203,837)

This amount reflects executed subleases and potential new subleasing opportunities for commercial space on Treasure Island based on the following agreements. The decrease in the commercial revenues is due to loss of two major tenants including CC Myers and Glide Foundation in FY 10-11, among others.

	A	B	C	D 3/30/2011 3:39 PM
1	TI/YBI Commercial Leasing Revenues FY 11-12			
2	Tenant Name		Monthly Rents	Annualized
3				
4	Commercial Tenants			
5	411 Fire News - (Bldg. 1)	#156 5/15/09 - 11/30/11	\$1,215	\$14,767
6	Antiquario, Christopher Albanese - (Bldg 111)	#217 12/14/09 - 11/30/11	\$2,575	\$31,364
7	Astro Enterprise - (Bldg. 1)	#111 1/1/09 - 11/30/11	\$159	\$1,938
8	Astro Enterprise - (Bldg 201)	#112 12/26/08 - 11/30/11	\$294	\$3,575
9	Baker, Eliot - (Bldg. 670)	#214 12/15/09 - 11/30/11	\$655	\$7,978
10	Bay Area Air Quality Management District - (Bldg. 146)	#52 12/1/08 - 11/30/11	\$541	\$6,603
11	Bay Ship & Yacht Company	#201 11/20/09 - 11/30/11	\$2,575	\$31,364
12	Bowen, Patrick (PB Wines) - (Bldg 670)	#75 9/19/08 - 11/30/11	\$2,770	\$34,071
13	Bodega Wine Estate LLC (Bldg. 264)	#234 4/15/2010 - 11/30/2011	\$6,300	\$75,978
14	Boys & Girls Club - (Bldg. 33A thru 33C)	#24 12/1/07 - 11/30/11	\$618	\$7,546
15	Bruce Getty - (Bldg. 264)	#193 10/9/09 - 11/30/11	\$1,236	\$14,943
16	CaITrans - (Bldg. 1)	#9 9/1/07 - 11/30/11	\$3,348	\$41,174
17	Charles Chocolate - (Bldgs 202)	#228 03/01/10 - 11/30/11	\$3,090	\$37,265
18	City View Storage - (The Hobby Shop Bldg 225)	#223 03/01/10 - 11/30/11	\$5,617	\$67,736
19	Collister, William - (Bldg. 201)	#56 6/13/08 - 11/30/11	\$6,300	\$75,789
20	Collister, William - (Bldg. 671)	#81 9/1/08 - 11/30/11	\$700	\$8,547
21	Crockett, Brett Graham - (Bldg. 1)	#55 12/1/08 - 11/30/11	\$814	\$9,935
22	Danny's Construction Company Inc. - (Bldg. 1)	#141 06/5/09 - 11/30/11	\$721	\$8,803
23	David Gibson & Sherri Lynn Wood - (Bldg. 1)	#29 12/1/08 - 11/30/11	\$1,100	\$13,431
24	DCCI - (Bldg. 1)	#141 6/5/09 - 11/30/11	\$743	\$8,934
25	Direct Balance - (Bldg. 201)	#19 3/18/09 - 11/30/11	\$2,112	\$25,591
26	Discovery Carpet & Flooring - (Bldgs. 1)	#186 8/14/09 - 11/30/11	\$1,600	\$19,632
27	Doyle Designs - (Bldg. 69)	#3 12/21/07 - 11/30/11	\$567	\$6,917
28	Epic Space-Timothy Child - (Bldg. 180)	#77 9/19/08 - 11/30/11	\$3,805	\$43,260
29	Erbrado Construction Company - (Bldg. 201)	#38 12/1/08 - 11/30/11	\$964	\$11,598
30	GoldenGate Jukebox - (Bldg. 264)	#24 03/01/2010 - 11/30/11	\$824	\$9,987
31	Heart 2 Heart - (Bldgs 1)	#L207 2/11/10 - 11/30/2011	\$1,030	\$12,515
32	Island Creative Management - (Bldg. 2)	#58 12/1/08 - 11/30/11	\$28,325	\$345,848
33	Island Market Deli (Abdo Ali Nasser) - (Bldg. 146)	#42 5/16/08 - 11/30/11	\$527	\$11,180
34	Island Market Deli- Storage Space (Abdo Ali Nasser) - (Bldg. 1)	#73 8/15/09 - 11/30/11	\$113	\$1,397
35	Jade Studio Productions - (Bldg. 41)	#113 3/1/09 - 11/30/11	\$1,597	\$19,350
36	Large Screen Video Imaging - (paved land)	#209 12/14/09 - 11/30/11	\$1,130	\$13,767
37	Levi's Probiotics, Inc. - (Bldg 670)	#49 6/1/08 - 11/30/11	\$2,987	\$36,561
38	Lumigrow, Inc. (Bldg 670)	#L257 4/23/10 - 11/30/11	\$1,494	\$18,056
39	Ken Masters - (Bldg 211) YBI	#244 6/1/08 - 11/30/11	\$3,600	\$43,416
40	Machinery Planet (Bldg. 216)	#251 4/15/2010 - 11/30/11	\$2,163	\$26,151
41	MiniLab Factory - (Bldg 264)	#198 11/1/09 - 11/30/11	\$1,092	\$13,327
42	Michael Donaldson Antiques (Bldg 180)	#L275 6/18/2010 - 11/30/11	\$2,266	\$27,260
43	NUAHS - Japanese Art - (Bldg. 1)	#106 1/16/09 - 11/30/11	\$541	\$6,586
44	NUAHS - Japanese Art - (Bldg 670)	#107 1/1/09 - 11/30/11	\$582	\$7,088
45	Pacific Brokerage/FCA Artist, Inc. - (Bldg 140)	#37 6/1/09 - 11/30/11	\$6,060	\$72,902
46	Roger Pujol - (Bldg 201)	#40 5/23/08 - 11/30/11	\$858	\$10,251
47	Rubicon Mgmt. Office - (Bldg. 1)	#10 7/1/09 - 11/30/11	\$400	\$4,800
48	SF Vendings - (Bldg. 201)	#58 12/1/08 - 11/30/11	\$275	\$3,350
49	SFPD Behavioral Science Unit - (Bldg. 1)	#11 3/1/09 - 11/30/11	\$853	\$10,338
50	SFPD Traffic Company - (Bldg. 33G)	#18 4/1/08 - 11/30/11	\$1,500	\$18,135
51	Sol Rouge (Bldg 180 North)	#L258 7/01/2010 - 11/30/11	\$6,800	\$81,600
52	Terrell Wines - (Bldg. 264)	#227 03/01/10 - 11/30/11	\$450	\$5,454
53	Tod Donobedian's Paris Flea - (Bldg 180)	#L287 07/12/10 - 11/30/11	\$1,800	\$23,454
54	The Regents of UC - Berkeley Labs - (Bldg. 225)	#12 10/1/09 - 11/30/11	\$125	\$1,159
55	TI Cafe - (Bldg 183)	#116 2/12/09 - 11/30/11	\$125	\$9,950
56	TIHDI - Ship Shape - (Bldg. 497)	2/25/02 - 12/31/04 Review	\$144	\$1,728
57	TIHDI - Service Space (land)	#30 4/1/08 - 11/30/11	\$105	\$1,260
58	TIHDI Management Office - (Bldg. 1)	#21 7/1/07 - 11/30/11	\$927	\$3,840
59	Treasure Island Sailing Center - (Piers 11 and 12)	#23 12/1/07 - 11/30/11	\$155	\$1,863
60	Treasure Island Wines - (Bldg. 201)	#25 12/11/07 - 11/30/11	\$2,885	\$35,226
61	Treasure Island Yacht Club - (Bldg. 298)	#43 12/1/07 - 11/30/11	\$715	\$8,730
62	Tri-California Events - (Bldg. 216)	#34 12/1/07 - 11/30/11	\$515	\$6,288
63	Volk Inc (Bldg 670)	#210 1/1/10 - 11/30/11	\$258	\$3,139
64	Walter Wong Construction - (Bldg. 258)	#184 9/1/09 - 11/30/11	\$2,758	\$33,758
65	Walter Wong Construction - (Bldg. 62)	#22 12/1/09 - 11/30/11	\$2,185	\$26,750
66	Wine Valley Catering - (Bldg. 1)	#16 12/1/07 - 11/30/11	\$335	\$4,087
67	Wine Valley Catering - Café Bldg 183	#L116 2/12/09 - 11/30/11	\$850	\$10,302
68	Yerba Buena Beverages - (Bldg. 670)	#69 12/1/08 - 11/30/11	\$1,751	\$21,380
69	Yerba Buena Builders - (Bldg. 34)	#93 1/1/08 - 11/30/11	\$2,421	\$29,627
70	Zip Cubes Storage Corp. - (Buldg 180 N) L283-7/1/10)	#L283-7/1/2010 - 11/30/11	\$5,000	\$60,000
71	Subtotal		\$140,629.10	\$1,630,656.04
72	USE PERMITS			
73	Bay Area Toll - (Bldg. 3) - Use Permit -	3/1/09 - 2/28/11	\$267.80	\$3,245.74
74	DCCI - (Yard Space) - Use Permit - Use Permit - Exp.	P163-6/5/09 - 11/30/11	\$2,970.52	\$35,735.36
75	Monica Hobbs Catering - (Qtrs. 1) - Use Permit - Exp.	12/1/09 - 11/30/11	\$1,545.00	\$18,818.10
76	Segway - (Streets & Roadways) - Use Permit - Exp.	4/15/09 - 11/30/11	\$267.80	\$3,277.87
77	Subtotal		\$5,051.12	\$61,077.06
78	Estimated Potential New Commercial Leasing FY 2010-11			
79	Building One West Wing Office Space		\$2,000.00	\$24,000.00
80	Building One First Floor		\$4,000.00	\$48,000.00
81	AECM Building 37		\$4,400.00	\$53,400.00
82	Telbon Communications		\$500.00	\$6,090.00
83	Subtotal			\$125,460.00
84	Combined Subleases, Use Permits and Potential			
85			\$145,680.22	\$1,817,193.10



D. TI Film/Photo Permits

TIDA FY 10-11 Budget	Proposed FY 2012-12	Change
\$12,000	\$25,000	\$13,000

This amount reflects revenues received from filming permits issued on the Islands.
The increase is based on actuals in FY 10-11.

E. Cell Sites, Banner & Franchise fees

TIDA FY 10-11 Budget	Proposed FY 2012-12	Change
\$399,550	\$320,550	(\$79,000)

This amount reflects revenues that will be received from cell sites, banners and franchise fees revenues of \$320,550. Cell site revenues have decreased due to expiration of TIDA's agreements with Verizon, T-Mobile and AT&T. These cell site agreements will not be renewed in the next fiscal year. The FY 11-12 projection is based on the following schedule.

TIDA 2010-11 YBI Tunnel Banner & Cellsite Revenues	FY 2010-11 Budget	Proposed FY 2011-12 Budget
Cellsite Agreements		
XO Communications	\$12,000.00	\$5,000.00
New Cingular Wireless Sublease# L-15	\$82,750.00	\$82,750.00
New Cingular Wireless Permit #100	\$31,200.00	\$31,200.00
Verizon	\$24,000.00	\$0.00
T-Mobile P133	\$30,000.00	\$0.00
T-Mobile	\$60,000.00	\$60,000.00
A T&T Communications	\$18,000.00	\$0.00
YBI Banner Revenues FY 2011-12 (\$10,000 X 12 Months)	\$120,000.00	\$120,000.00
Franchise Fees		
Comcast	\$21,600.00	\$21,600.00
Grand Totals	\$399,550.00	\$320,550.00



F. TI Maritime

TIDA FY 10-11 Budget	Proposed FY 2012-12	Change
\$90,000	\$90,000	No Change

This amount reflects the executed Master Southern Waterfront agreement for use of Treasure Island Marina based on a minimum monthly rent of \$7,500; \$90,000 annualized.

G. JSCO-Housing Revenues

TIDA FY 10-11 Budget	Proposed FY 2012-12	Change
\$4,680,395	\$4,748,856	\$68,461

1. Percentage Rent: Based upon an approximately 578 unit portfolio for FY 2011-12, the total projected housing revenues from the John Stewart Company (JSCO) is \$4,560,000 after deducting expenses including the John Stewart 5% fee. Further, based on the Sharing Agreement between TIDA and the Treasure Island Homeless Development Initiative (TIHDI) approved by the San Francisco Board of Supervisors in 1996, TIHDI will receive \$387,144, or 8.49% of Gross Percentage Rent.

John Stewart Company Percentage Rent: \$4,560,000

TIHDI-TIDA Sharing Agreement Calculations: $(\$4,560,000 \times 8.49\%) = \$387,144$

John Stewart Company Percentage Rent Balance: $(\$4,560,000 - \$387,144) = \$4,172,856$

2. Base Rent: The John Stewart Company projects \$576,000 in Base Rent in the FY 2011-12.

John Stewart Housing Revenues: $\$4,172,856 + \$576,000 = \$4,748,856$



H. Housing CAM

TIDA FY 10-11 Budget	Proposed FY 2012-12	Change
\$139,420	\$479,030	\$339,610

The purposed FY 2011-12 Budget projects \$479,022 in housing Common Area Maintenance (CAM) charges based on the following schedule. The \$339,600 increase is due to the John Stewart Company CAM recategorized under this revenue source.

TIDA Other Housing CAM Revenues FY11-12	Monthly	Annualized
Catholic Charities (66 Units)	\$2,875	\$34,500
Haight Ashbury Free Clinics (18 Units)	\$824	\$9,890
John Stewart Housing CAM (578 Units)	\$28,300	\$339,600
Island Bay Homes (Formerly Community Housing Partnership) (66 Units)	\$3,205	\$38,460
Rubicon Villages (44 Units)	\$2,055	\$24,660
Swords to Plowshares (24 Units)	\$1,145	\$13,740
Walden House (32 Units)	\$1,515	\$18,180
Total	\$39,919	\$479,030



Expenses		TIDA Approval	9-11	Proposed FY 11-12
ADMINISTRATION				
(ISC-REGULAR (Salaries))				
ETIRE CITY MISC FRINGE BENEFITS	Under GSA's Budget			(10% Reduction in Administration in FY 11-12)
RAVEL COSTS	Under GSA's Budget			
RAINING COSTS	\$5,000			\$4,500
OCAL FIELD EXP	\$1,000			\$9,300
EMBERSHIP FEES	\$3,000			\$1,250
ROMOTIONAL AND MARKETING EXPENSE	\$15,000			\$2,700
ELIVERY & POSTAGE	\$10,000			\$13,500
FFICE RENTALS & LEASED EQUIPMENT	\$13,000			\$9,000
FFICE MATERIALS & SUPPLIES	\$14,400			\$11,700
OTHER CURRENT ADMINISTRATIVE EXPENSES	\$20,000			\$12,560
TOTAL ADMINISTRATION	\$88,400			\$79,910
PROFESSIONAL & SPECIALIZED SERVICES				
REASURE ISLAND BOYS & GIRLS CLUB HOUSE	\$133,000			\$133,000
HILD CARE - FACILITY-	\$52,000			\$52,000
IND-OPERATING CONTRACT	\$157,500			\$157,000
IGYM OPERATIONS YMCA	\$142,500			\$142,500
VARINE SALVAGE	\$15,000			\$10,000
IGEA- PUBLIC ART HISTORICAL PRESERVATION	\$20,000			\$15,000
CAVENGER SERVICES (TRASH DISPOSAL)	\$25,000			\$25,000
ANTIORIAL SERVICES (toolworks)	\$102,600			\$102,600
ROUNDNS MAINTENANCE RUBICON	\$641,000			\$641,000
UBLIC SAFETY & SECURITY SERVICES	\$95,000			\$78,500
IDA DIRECTOR'S LIABILITY INSURANCE	\$45,000			\$90,850
OTHER PROFESSIONAL SERVICES	\$52,000			\$52,000
REDEVELOPMENT PROFESSIONAL SERVICES	Reimbursed			\$600,000
TOTAL PROFESSIONAL & SPECIALIZED SERVICES	\$1,470,600			\$2,007,450
CITY DEPARTMENT WORK-ORDERS				
REPARTMENT OF PARKING AND TRAFFIC	\$8,000			\$8,000
ITIS SERVICES (AAO)	\$40,000			\$40,000
RISK MANAGEMENT INSURANCE CONSULTING	\$8,000			\$8,000
GENERAL SERVICES AGENCY	\$1,104,260			\$1,629,810
IF-CITY ATTORNEY-LEGAL SERVICES (AAO)	\$180,000			\$125,000
IF-HR-MGMT TRAINING (AAO)	\$3,000			\$3,000
S-PURCH-CENTRAL SHOPS-AUTO MAINT (AAO)	\$3,500			\$3,500
S-PURCH-CENTRAL SHOPS-FUEL STOCK (AAO)	\$3,500			\$3,500
S-PURCH-REPRODUCTION (AAO)	\$6,000			\$6,000
IF-PURCH-ETCHO HETCHY (AAO) (\$850,000 Utility Bills, 135,000 Generators, \$200,000 MOU)	\$998,000			\$998,000
IF-RDPW-BUILDING REPAIR (AAO)	\$879,000			\$786,560
IF-RDPW-BUREAU OF STREET ENVIRONMENTAL SERVICES	\$188,460			\$208,470
IF-RDPW-BUREAU OF STREETS AND SEWER REPAIR SERVICES	\$80,265			\$80,265
IF-RDPW-BUREAU OF URBAN FORESTRY SERVICES	\$160,000			\$160,000
ACILITIES MANAGEMENT SERVICES (DEPT. OF REAL ESTATE)	\$28,236			\$28,240
AN FRANCISCO POLICE DEPARTMENT	\$0			\$60,000
REDEVELOPMENT CITY WORK-ORDERS	Reimbursed			\$1,342,800
IDA FACILITIES MANAGEMENT SERVICES	\$256,772			\$100,000
SPECIAL CAPITAL IMPROVEMENT PROJECTS	\$361,000			\$250,000
TOTAL CITY DEPARTMENT WORK-ORDERS	\$4,108,013			\$5,841,145
TOTAL OPERATIONS EXPENDITURES	\$5,667,013			\$8,018,505
SURPLUS AVAILABLE FOR CONTRIBUTION TO THE GENERAL FUND	\$2,359,792			\$0
TOTAL EXPENDITURES	\$8,026,805.00			\$8,018,505
TOTAL REVENUES	\$8,026,805.00			\$8,115,724
RESIDUAL FOR RESERVE				\$97,219

II. TIDA EXPENSE DETAILS

The expenditure for daily operations for Treasure and Yerba Buena Islands are defined under the following three categories: Administration, Professional and Specialized Services and City Department Work-Orders. The Mayor's Directive to cut expenditures by 10% has been applied to most categories in the proposed FY 2011-12 Budget.

A. ADMINISTRATION

1. Travel Costs for Training and Conferences

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$5,000	\$4,500	(\$500)

The proposed FY 11-12 Budget decreases the level of funding for staff travel costs associated with seminars and conferences in the amount of \$500, or 10% consistent with the Mayor's Directive. The annual Staff Performance Plans encourage staff participating in professional development.

2. Training and Conference Costs

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$7,000	\$6,300	(\$700)

The proposed FY 11-12 Budget decreases the level of funding from last year for staff training and conferences in the amount of \$700, or 10% consistent with the Mayor's Directive. The annual Staff Performance Plans encourage staff participating in professional development.

3. Local Field Expenses

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$1,000	\$1,250	\$250

The proposed FY 11-12 Budget increases the level of funding from last year for Local Field expenses in the amount of \$250 consistent with year to date expenses.

4. Membership Fees

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$3,000	\$2,700	(\$300)

The proposed FY 11-12 Budget decreases the level of funding from last year for Professional Membership organizations for TIDA Operations staff by \$300 consistent with the Mayor's Directive. The annual Staff Performance Plans encourage staff participating in professional development.

5. **Promotional & Marketing**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$15,000	\$13,500	(\$1,500)

The proposed FY 11-12 Budget decreases the level of funding from last year for Promotional and Marketing by \$1,500 or 10% consistent with the Mayor's Directive.

6. **Delivery & Postage**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$10,000	\$9,000	(\$1,000)

The proposed FY 11-12 Budget reduces the level of funding for Delivery and Postage costs by \$1,000 or 10% consistent with the Mayor's Directive.

7. **Office Rental and Leased Equipment**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$13,000	\$11,700	(\$1,300)

The proposed FY 11-12 Budget decreases the level of funding from last year for Office Machine and Equipment rentals including a copier, postage machine, and water dispenser by \$1,300, or 10% consistent with the Mayor's Directive.

8. **Office Materials & Supplies**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$14,400	\$12,960	(\$1,440)

The proposed FY 11-12 Budget decreases the level of funding from last year for Office Materials and Supplies by \$1,440, or 10% consistent with the Mayor's Directive.

9. **Other Administrative Expenses**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$20,000	\$18,000	(\$2,000)

The proposed FY 11-12 Budget decreases the level of funding from last year for other Administrative Expenses by \$2,000, or 10% consistent with the Mayor's Directive.



B. PROFESSIONAL AND SPECIALIZED SERVICES

1. Boys and Girls Club

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$133,000	\$133,000	\$0

The proposed FY 11-12 Budget provides the same level of funding for the Boys and Girls Club on Treasure Island to continue funding the health, education and youth development services to TI children and their families. The Boys and Girls Club occupies one of the school pods which is provided free of charge.

2. Catholic Charities Childcare Facility

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$52,000	\$52,000	\$0

IN FY 09-10, CC was contracted to operate the childcare facility on T.I. The proposed FY 2011-12 Budget provides the same level of funding for the operation of the childcare facility and subsidies for janitorial, utilities, fire alarm, maintenance and garbage.

3. Treasure Island Homeless Development Initiative (TIHDI)

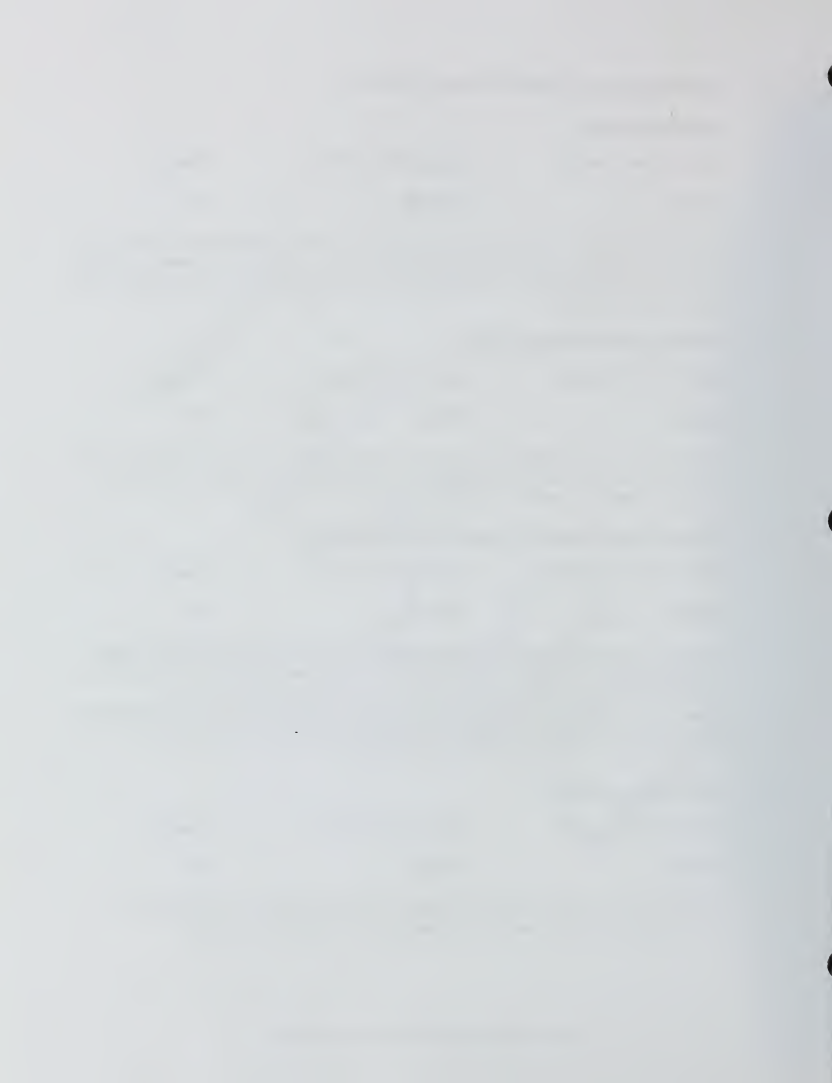
TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$157,000	\$157,000	\$0

Under the Agreement between the Treasure Island Development Authority and the Treasure Island Homeless Development Initiative, TIHDI provides several services to TIDA including coordinating and facilitating participation of community-based homeless service organizations, as well as future redevelopment planning. TIHDI also provides and coordinates recreational activities on Treasure Island through various programs. The proposed FY 11-12 Budget allocates the same level of funding for TIHDI.

4. YMCA Gym Operation

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$142,500	\$142,500	\$0

In FY 06-07, YMCA was contracted to operate the Treasure Island gym. The proposed FY 11-12 Budget provides the same level of funding for the operation of the gym.



5. **Marine Salvage Services**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$15,000	\$10,000	(\$5,000)

The proposed FY 11-12 Budget reduces the level of funding for marine salvage services by \$5,000 for removal of sunken, stored and abandoned vessels from the Clipper Cove consistent with expenses.

6. **Historical Preservation/Public Art**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$20,000	\$15,000	(\$5,000)

The proposed FY 11-12 Budget reduces the level of funding for Historical Preservation/Public Art by \$5,000. The expenditure line funds historic interpretation and programming, provides for the care and conservation of the Authority's existing historic artifacts such as storage of murals as well as coordination with the Navy on the continued preservation of the Navy's on-Island historic artifacts.

7. **Trash Services**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$25,000	\$25,000	\$0

Recology provides trash services to Treasure and Yerba Buena Islands. The proposed FY 2011-12 Budget provides the same level of funding as last fiscal year for this line item.

8. **Janitorial Services**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$102,600	\$102,600	\$0

Toolworks provides janitorial maintenance services to numerous buildings on Treasure Island and maintains Building One for TIDA. Toolworks is a member organization of TIHDI that employs formerly homeless and economically disadvantaged individuals. The proposed FY 2011-12 Budget provides the same level of funding as last fiscal year for this line item.

9. **Landscaping and Grounds Maintenance**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$641,000	\$641,000	\$0

Rubicon Enterprises provides all landscaping maintenance services on Treasure and Yerba Buena Islands and has separate landscaping contracts with other housing providers. Rubicon is a member organization of TIHDI and employs formerly homeless and economically disadvantaged individuals. The proposed FY 2011-12 Budget provides the same level of funding as last fiscal year for this line item, in the amount of \$591,000. An additional \$50,000 is budgeted for contingency for unanticipated needs during the fiscal year.

10. **Public Safety and Security Services**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$85,000	\$76,500	(\$8,500)

The proposed FY 11-12 Budget decreases the level of funding from last year for Public Safety and Security Services by \$8,500 or 10% consistent with the Mayor's Directive. Given the increase in housing and commercial vacancies, protective services continue to be an important component of our property management and caretaking responsibilities. This expenditure line will also be utilized to conduct table top exercises for the Island's emergency preparation.

11. **Director's Liabilities Insurance**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$45,000	\$90,850	\$45,850

The proposed FY 11-12 Budget increases the level of funding from last year to include \$45,850 for general liability coverage, as recommended by the City Risk Manager. The liability insurance for TIDA's Board of Directors is unchanged based on the actual cost in FY10-11.

12. **Other Professional Services**

TIDA FY 09-10 Budget	Proposed FY 2010-11	Change
\$52,000	\$52,000	\$0

The line funds the cost of the rental of portable rest-room facilities, carpet cleaning and signage for the Island. The proposed FY 2011-12 Budget provides the same level of funding as last fiscal year for this line item.

13. **Redevelopment Professional Services**

TIDA FY 09-10 Budget	Proposed FY 2010-11	Change
Reimbursed	\$600,000	\$600,000

All redevelopment expenses are now included in TIDA Operations budget. There will be no reimbursement by the Developer in the FY 11-12. The proposed FY 11-12 allocates \$600,000 in professional services detailed in the below table.

PROFESSIONAL & SPECIALIZED SERVICES	
Environmental Engineering (Geomatrix)	\$250,000
Redevelopment Planning (Siefel Consulting)	\$100,000
Economic & Fiscal Analysis (EPS+JLL/PMA)	\$50,000
Urban Design & Planning (SERA)	\$0
Transportation Planning (Transportation Authority)	\$50,000
Financial Advisor/Bond Counsel (MOPF)	\$50,000
Appraisal/Other Consultants (TBD)	\$100,000
Subtotals	\$600,000

C. **EXPENSES AND WORK-ORDER SERVICES WITH OTHER DEPARTMENTS**

1. **Department Of Parking and Traffic (DPT)**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$8,000	\$8,000	\$0

This W.O provides funds to DPT services for traffic control and parking enforcement during major public holidays and events when spectators and large crowds visit the Island. These events may include 4TH of July, Fleet Week and KFOG Kaboom. The proposed FY 2011-12 Budget provides the same level of funding as last fiscal year for this line item.

2. **DTIS- Telephone**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$40,000	\$40,000	\$0

This W.O provides funds for telephone services and cell phone expenses as requested by the Department of Telecommunications and Information Systems. DTIS also provides maintenance services for TIDA's website. The proposed FY 2011-12 Budget provides the same level of funding as last fiscal year for this line item.



3. **Risk Management**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$8,000	\$8,000	\$0

This W.O provides funding for the City's Risk Manager to review TIDA proposed subleases and use-permits to determine appropriate insurance requirements. The proposed FY 2011-12 Budget provides the same level of funding as last fiscal year for this line item.

4. **General Services Agency**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$1,654,524	\$1,629,805	\$24,720

a. **Financial Oversight/IT Services and MOU**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$140,000	\$240,000	\$100,000

General Services Agency provides services to TIDA in support of human resources, budget, accounting, financial reporting including FAMIS and payroll. In addition, certain information and technology support including network, server, workstation, software maintenance and support are also managed by General Services Agency. These management, financial, and technical roles are memorialized in the amended MOU between TIDA and GSA. The proposed FY 2011-12 Budget increases the level of funding by \$100,000 consistent with realigned GSA duties.

b. **Operations/Redevelopment Salaries and Fringe**

Staffing plan is 10 full-time positions in FY 11-12 for Operations and Redevelopment. All positions are employees of General Services Agency (GSA) and are reflected in the GSA's budget presented to the Board of Supervisors. TIDA will work-order monies to fund these positions though the GSA MOU detailed in the attached spreadsheet.

Operations Salaries and Fringes

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$964,260	\$823,130	(\$141,130)

Redevelopment Salaries and Fringes

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$550,264	\$566,675	\$16,410



FY 2011-12 Operations Redevelopment Salary Schedule

TIDA

FY 2011-12- TIDA Operations Salaries & Fringes			
Class#	Classification Title	TIDA Job Title	Annual Salary FY 11-12
953	Deputy Director III	Director of Island Operations	\$168,537.00
4143	Principal Real Property Officer	Deputy Director Real Estate	\$126,334.00
4140	Real Property Officer	Property Manager	\$94,275.00
1823	Senior Administrative Analyst	Community Liaison	\$86,995.00
1823	Senior Administrative Analyst	Project Manager (Vacant)	\$76,910.00
1820	Junior Administrative Analyst	Receptionist/Admin Support	\$55,510.00
9920	Public Service Aid	TIDA Internship Program	\$25,000.00
Grand Total			\$635,561.00

FY 2011-12 TIDA Redevelopment Salaries & Fringes			
	TIDA Job Title	Annual Salary FY 11-12	Fringe Benefits
941	Manager VI	\$156,494.00	\$54,772.90
933	Principal Senior Assistant	Project Manager	\$40,012.70
1824	Principal Senior Assistant	Assistant Project Manager	\$33,356.61
1840	Jr. Management Assistant	Jr. Management Assistant	\$18,773.30
Grand Total		\$419,758.60	\$146,915.51

Total Operations and Redevelopment Salaries **\$1,389,806.11**

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941	Manager VI	\$156,494.00	\$54,772.90
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1840	Jr. Management Assistant	Jr. Management Assistant	\$18,773.30
Grand Total		\$419,758.60	\$146,915.51

Total Operations and Redevelopment Salaries **\$1,389,806.11**

5. City Attorney

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$180,000	\$125,000	(\$55,000)

This W.O provides funds for the City Attorney's Office to act as TIDA's General Counsel and to provide legal services for TIDA's role as caretaker and property manager of the islands and other administrative responsibilities. The proposed FY 2011-12 Budget reduces the City Attorney's W.O by \$55,000, consistent with expenses.

6. Human Resources – Management Training

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$3,000	\$3,000	\$0

The proposed FY 11-12 Budget provides the same level of funding as last year for Human Resources and management training. The annual Staff Performance Plans encourage staff participating in professional development.

7. Purchasing -Central Shops–Auto Maintenance

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$3,500	\$3,500	\$0

The proposed FY 11-12 Budget provides the same level of funding as last year for vehicle maintenance through Central Shops.

8. Purchasing -Central Shops–Fuel

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$3,500	\$3,500	\$0

The proposed FY 11-12 Budget provides the same level of funding as last year for vehicle fuel through Central Shops.

9. Purchasing –Reproduction

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$6,000	\$6,000	\$0

The proposed FY 11-12 Budget provides the same level of funding for the Reproduction line for City stationary, envelopes, labels, and a like.



10. **Public Utilities Commission**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$998,000	\$998,000	\$0

The proposed FY 11-12 Budget maintains the same level of funding for the PUC for TIDA's utility expenses at \$648,000 on the Islands. TIDA also leases two back-up generators at the cost of \$150,000 a year. Finally, another \$200,000 is allocated for the MOU between TIDA for the settlement of TIDA's outstanding liabilities from previous years.

11. **Public Works (DPW)**

a. **DPW Bureau of Building Repair (BBR)**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$679,000	\$786,560	\$107,555

The proposed FY 11-12 Budget increases the level of funding for the DPW Bureau of Building Repair in the amount of \$107,555. The budgeted amount provides funding for a Senior Stationary Engineer, a Stationary Engineer and a laborer as well as crafts such as electrical, plumbing, glass, sheet metal, locksmith and carpenter on an as needed basis. This line also funds materials and supplies. The increase is due to the need for increased hours for a carpenter and electrician to assist with the Island's daily operation.

b. **DPW Bureau of Street Environmental Services (BSES)**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$188,480	\$208,470	\$19,990

The proposed FY 11-12 Budget increases the level of funding for Bureau of Street Environmental Services by \$19,990 for additional ramp cleaning. Funding is maintained at the same level of service for street cleaning. BSES also provides trash can set-up, clean-up and debris removal for special public events such as New Year's Eve, Memorial Day, 4TH of July and Fleet Week and during weekends.

This line funds the staff at the Front-Gate to monitor traffic entering and exiting Treasure Island and to assist visitors with directions and information.



c. **DPW Bureau of Streets and Sewer Repair Services (BSSR)**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$80,265	\$80,265	\$0

The proposed FY 11-12 Budget provides the same level of funding for Bureau of Streets and Sewer Repair Services to provide asphalt for pothole repair to Treasure and Yerba Buena Islands for a total of forty (40) repair visits during the year on streets and roadways.

d. **DPW Bureau of Urban Forestry Services (BUF)**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$160,000	\$160,000	\$0

The proposed FY 11-12 Budget provides the same level of funding for the Bureau of Urban Forestry Services to provide landscaping services to the areas surrounding the Chapel, Library, Casa de la Vista and the Pavilion By-the-Bay our Special Event District.

12. **Facilities Management Services (DRE)**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$28,236	\$28,236	\$0

The proposed FY 11-12 Budget provides the same level of funding through a W.O to the Department of Real Estate for building service contracts such as fire alarm system, sprinkler system and elevator maintenance services.

13. **San Francisco Police Department**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$0	\$60,000	\$60,000

The proposed FY 11-12 Budget allocates \$60,000 to the San Francisco Police Department to provide building and grounds patrol during week day nights. SFPD funded this service in the previous fiscal year through the General Fund.

14. **TIDA Redevelopment City Work-Orders**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
Reimbursed	\$1,342,800	\$1,342,800

The proposed FY 11-12 Budget allocates \$1,342,800 in City Department Work-Orders to assist with the redevelopment planning activities detailed in the below table.

Expenses	FY 11-12 Proposed
TIDA REDEVELOPMENT PLANNING	
ADMINISTRATION & CITY DEPARTMENT WORK-ORDERS	
Office of Economic and Workforce Development	\$62,800
City Attorney's Office	\$1,180,000
Planning Dept / Redevelopment Agency	\$100,000
Subtotals	\$1,342,800

15. **TIDA Facilities Management**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$256,000	\$100,000	(\$155,000)

The proposed FY 11-12 Budget decreases the level of funding for TIDA Facilities Management expenses outside the Department of Real Estate by \$155,000. The amount will fund contracts, materials and supplies as needed for commercial property maintenance and upkeep including hazmat removal. The reduction is due to placing more facilities management funding under DPW-BBR.

16. **TIDA Capital Improvement**

TIDA FY 10-11 Budget	Proposed FY 2011-12	Change
\$361,000	\$250,000	(111,000)

a. **Street Paving**

The proposed FY 11-12 Budget allocates \$100,000 for street paving in the causeway entryway and residential areas, removal of trees stump in the residential area and seal coating residential parking lots.

b. **Waterfronts**

The proposed FY 11-12 Budget allocates \$150,000 for improvement along the waterfronts of the Island to enhance visitor experience.



AGENDA ITEM 8
Treasure Island Development Authority
City and County of San Francisco
Meeting of March 9, 2011

- Subject: Treasure Island/Yerba Buena Island Redevelopment Project Entitlements and Transaction Documents Presentation, including: (I) Draft *Disposition and Development Agreement*, including the (i) Draft *Schedule of Performance*; and (ii) Draft *Transportation Plan*
- Contact: Rich Hillis, Director of Redevelopment, Office of Economic and Workforce Development
Michael Tymoff, Deputy Director of Redevelopment, Office of Economic and Workforce Development
Jon Yolles, Project Manager, Office of Economic and Workforce Development

I. Introduction

The Treasure Island Development Authority Board of Directors ("TIDA") meeting on January 12, 2011 marked the beginning of the final phase of the Treasure Island/Yerba Buena Island Redevelopment Project ("Project") planning and entitlements process, and the TIDA meeting on March 9, 2011 continues this course of document review.

Documents that have already been presented at previous Treasure Island/Yerba Buena Island Citizens Advisory Board ("CAB") and TIDA meetings are:

- Draft Exhibits to the Development and Disposition Agreement, including the
 - Land Use Plan
 - Phasing Plan
 - Infrastructure Plan
 - Housing Plan
 - Financing Plan
 - Parks and Open Space Plan
- Draft *Transition Housing Rules and Regulations for the Villages at Treasure Island*
- Draft *Redevelopment Plan for the Treasure Island / Yerba Buena Island Redevelopment Project*
- Draft *Treasure Island and Yerba Buena Island Subdivision Code*
- Draft *Interagency Cooperation Agreement*
- Draft *Design Review and Document Approval Procedure*
- Draft *Development Agreement between Treasure Island Community Development, LLC. and the City and County of San Francisco*
- Draft *Sustainability Plan*
- Draft *Treasure Island and Yerba Buena Island Design for Development*
- Draft *Navy Conveyance Agreement*

At the March 9, 2011 TIDA meeting, a presentation will be made on the Draft *Disposition and Development Agreement*, including the (i) Draft *Schedule of Performance*; and (ii) Draft

Transportation Plan. At future TIDA meetings, staff will make presentations regarding other Project Documents and DDA Exhibits.

Copies of these documents are on file with the Authority and OEWD, and have been made available on-line for the public to review at: <http://www.sftreasureisland.org/> (the main Authority website) and: <http://sftreasureisland.org/index.aspx?page=26> (for a direct link to the documents). They are listed under "Master Development Submittals."

As extensive project background, planning process summary, project overview, project documents summary as well as the 2006 and 2010 Term Sheet summaries were provided in a previous memo for the January 12, 2011 TIDA meeting, they have been omitted from this memo for brevity. However, those items provide a background and context for the project documents review and final approvals, and should be retained for reference.

This staff summary includes the following sections:

- | | |
|---|------------|
| I. Introduction | Pages 1-2 |
| II. Draft Project Documents | Pages 2-12 |
| a. Draft Disposition and Development Agreement | |
| b. Attachments to the Disposition and Development Agreement | |
| i. Draft Schedule of Performance | |
| ii. Draft Transportation Plan | |

II. DRAFT PROJECT DOCUMENTS

The Project Documents advance and refine plans which represent more than ten years of work by the CAB, TIDA, TICD, the Board of Supervisors ("BOS") and other key stakeholders including local community organizations, residents and members of the public. The Project Documents are generally categorized as follows:

1. Authorizing Documents. Generally speaking, the actions that authorize the project are more general and comply with strict legal processes. Authorizing Actions include the preparation and certification of an Environmental Impact Report, adoption of the Redevelopment Plan, Amendments to the City Planning Code to make the Redevelopment Plan consistent with existing law, and the required Consistency Findings with the Bay Plan.
2. Implementing Documents. The actions that implement the project are more specific and detailed, and there is more flexibility in the exact form that these documents take. Implementing documents for the Redevelopment Plan for Treasure Island include, among others, the Development and Disposition Agreement ("DDA") and all of its exhibits, the Design for Development, the Mitigation Monitoring and Reporting Plan, the Public Trust Exchange Agreement, and documentation related to the Early Transfer by the Navy.
3. Procedural Documents. The procedural documents are companion pieces to the implementing documents that go into detail about the processes that the Authority and the City will follow in implementing the project. The agreements in the implementing documents will be enforced through the DDA itself, as well as through the procedural

documents: a Design Review and Document Approval Procedure, an Interagency Cooperation Agreement, and the Treasure Island and Yerba Buena Island Subdivision Code.

A. Summary of the Proposed DDA and SOP

The Disposition and Development Agreement (“DDA”) is the primary legally binding document between TIDA and Treasure Island Community Development, LLC (“TICD” or “Developer”) that governs the Developer’s right to develop the Project in accordance with all of the other corresponding land use and entitlement documents including the Housing Plan, Redevelopment Plan, Design for Development, Financing Plan, Land Use Plan, Phasing Plan, Transportation Plan, Open Space Plan and Community Facilities Plan. The Term of the DDA is concurrent with the term of the Redevelopment Plan. The DDA is based on a “horizontal” land development transaction model. Under this model, land is the asset that is being improved and sold by TICD in return for the delivery of a public benefits package, including 30% affordable housing, a transition housing program for existing qualified households, 300 acres of parks and open space, geotechnical stabilization and sea level rise improvements, transportation infrastructure, a ferry quay/bus intermodal transit center (Transit Hub), geotechnical stabilization of certain portions of Treasure Island and the causeway connecting it to Yerba Buena Island and a comprehensive jobs and economic development opportunities for disadvantaged San Franciscans.

The Project requires TICD to invest significant private capital in building public infrastructure and providing community benefits before any public financing sources are made available (e.g. proceeds from tax allocation bonds and Mello Roos bonds, as discussed at the February 23, 2011 TIDA meeting). In addition to the public financing sources that will be used to offset these up front qualified project costs, TICD will look to recoup its investment through the sales of finished lots to vertical developers and home builders in return for meeting its obligations pursuant to the DDA, including meeting a Schedule of Performance that includes outside dates for the completion of infrastructure, delivery of parks and open space, payment of subsidies for affordable housing, and payment of subsidies for transportation and open space operations and maintenance.

The DDA also sets forth conditions for the transfer of land within the Project to the Developer that mirrors the phasing requirements. Generally, TIDA will not convey title to any parcel within the Project to the Developer until a Sub-Phase Application for such Sub-Phase has been approved and the Developer has satisfied the conditions to close of escrow under the DDA and the Design Review and Document Approval Procedure, and provides financial guarantees to TIDA for the completion of all infrastructure and related public benefits included in that Sub-Phase.

The other key exhibits and attachments to the DDA are:

- The *Housing Plan* describes the process and requirements for the development of approximately 8,000 homes on the Project Site and is designed to provide new housing opportunities for households of diverse income, ages, lifestyles and family size. It provides that thirty percent (30%) of the Total Units (or, 2,400 of 8,000 Total Units) will be Below-Market Rate Units, including Treasure Island Homeless Development Initiative (“TIHDI”) Housing, TIDA

Housing and Inclusionary Housing. The balance of the housing in the Project, approximately 5,600 Market Rate Units, will include a variety of unit types

- *Community Benefits Plan* obligates the Developer to fund or provide new and/or upgraded public and community facilities, including a joint police/fire station on Treasure Island;
- The *Infrastructure Plan* establishes the design and construction standards, performance criteria and specifications regarding the Developer's responsibility for public infrastructure within the Project, including site grading, street layouts and improvements, wet utilities (separated sanitary sewer, separated storm drainage, auxiliary water supply system, low pressure water system and recycled water systems), dry utility layouts, location and improvements for parks and open space, and storm drainage. The *Infrastructure Plan* also requires the geotechnical stabilization of certain portions of Treasure Island and the causeway connecting it to Yerba Buena Island, and addition of fill to raise the surface elevation on those portions of Treasure Island that are to be developed to address flood protection and potential future sea level rise. The plan also discusses new and/or upgraded public utilities, including the water distribution system, wastewater collection system, recycled water storage and distribution system, storm water collection and treatment system, and Developable Lots to accommodate the Wastewater Treatment Facility and other PUC improvements.
- *Transportation Plan* establishes the phased implementation of transit, roadway, pedestrian and bike improvements that will be constructed through the build-out of the Project. Overall, the transportation and circulation network aims to reduce car usage and encourage walking, bicycling and transit usage.
- The *Parks, Open Space, and Habitat Concept Plan* ("*Open Space Plan*") describes over 300 acres of parks, open space and recreation areas which will be included in the Project.
- The *Financing Plan* establishes the agreement between the Developer and TIDA for the use of tax increment generated by the Project Areas to finance public improvements and other costs permitted by law. The public improvements include Infrastructure described in the *Infrastructure Plan* and affordable housing, described in the *Housing Plan*. The *Financing Plan* also provides for the creation of Mello-Roos Community Facility Districts Act under which special taxes will be levied against private property (excluding TIDA affordable housing parcels), to finance public improvements and other costs permitted by law.
- The *Design Review and Document Approval Procedure* ("*DRDAP*"), under which TIDA will review all development within the Project Area, including "Major Phases," "Sub-Phases," consisting of the specific plan for each block, with related infrastructure and open space improvements, and individual "Vertical" building improvements on lots.

Draft Schedule of Performance

As more particularly described in the Phasing Plan, the Project will be developed by TICD in four Major Phases, and within each Major Phase in a series of Sub-Phases. The Schedule of Performance (SOP), which is an attachment to the DDA, provides that the horizontal improvements are constructed in an orderly and timely manner by TICD, and that the associated public benefits, including parks and open space, community facilities, and financial obligations such as the transportation operating subsidy and affordable housing subsidy, are delivered commensurate with the delivery of market rate development based on either the principle of adjacency or proportionality.

For example, construction of the first segment of the Cityside Waterfront Park must commence no later than one year after the horizontal infrastructure for the adjacent C2 block is completed. Certain community facilities, on the other hand, are tied to the construction of housing units. For example, the initial build-out of the grocery store (5,000 square feet) is required to be constructed no later than 42 months after the building permit for the 100th housing unit is pulled.

In addition to ensuring the public benefits are delivered proportionately to market rate development, the SOP also requires that TICD submit complete Major Phase and Sub Phase Applications to the Authority before the applicable outside date and commence and complete infrastructure within each Major or Sub Phase before the applicable outside date. TICD may request changes to the SOP and the amount or timing of public and community benefits as set forth in any Major Phase or Sub Phase application, however such changes shall be subject to the approval of the Authority Director or Authority Board in accordance with the Design Review and Document Approval Procedure (DRDAP).

If Developer fails to timely file a substantially complete Major Phase or Sub-Phase Application in accordance with the Schedule of Performance, TIDA may terminate the DDA, after notice and cure periods, subject to certain rights to renegotiate based on commercial infeasibility. If Developer fails to commence or complete infrastructure or certain required improvements by the Outside Date in the Schedule of Performance, then after notice and cure periods, TIDA may terminate the DDA as to any or all future Major Phases or Sub-Phases and may exercise a right of reverter as to property already conveyed. TIDA must apply any security provided by Developer to try and cure the default before it may exercise the reverter.

Draft Transportation Plan

By definition, Treasure Island and Yerba Buena Island are physically separated from most transit and roadway networks serving the City and region, and access for pedestrians and bicyclists is very limited. Currently, the Islands are served by only one Muni line, the 108, which connects to mainland San Francisco at the Transbay Transit Terminal. This limited access is both a top community concern and an opportunity to redevelop the Islands as a unique, transit-oriented community that limits automobile access and its impacts on the bay Bridge and promotes transit access via ferry and bus, and plans for bicycle access via new paths on the Bay Bridge. Traffic impacts on the Bay Bridge are managed through several innovations:

- congestion pricing program and metering at the Bay Bridge ramps to manage traffic volumes entering and exiting the Bridge in the peak period,

- the monitoring and adjustment of these mechanisms demands of the Island over time, and
- the complementary and systemic provision of transit services as the primary means of accessing the Island

A cornerstone of the Treasure Island Transportation Plan is the Intermodal Transit Hub, where ferries and buses operate frequently to connect both San Francisco and the East Bay to Treasure Island. Once on the Island, transit riders are met with an extensive network of shuttles, bicycle libraries, car sharing and pedestrian pathways to reach every corner of both Treasure Island and Yerba Buena Island. Streets are designed to be pedestrian-friendly, and in the case of the Shared Public Ways, pedestrian-primary, and an array of Class I, II and II bicycle routes provide extensive on-Island access. With the majority of housing units, services and destinations within a 10-minute walk of the Intermodal Transit Hub, walking and bicycling becomes a truly viable and sustainable link for transit trips off the Island.

The Hub also provides ample space to accommodate the important transit activities of bus-to-shuttle transfers, bus layover, through auto traffic circulation and the highest density of pedestrians and cyclists. Radiating from the Hub is a Class I (fully separated from auto traffic) system of bicycle paths around the Island perimeter and across the Causeway to Yerba Buena Island. Neighborhood are connected to the Hub with major streets designed to accommodate pedestrians, bicycles, shuttles, private automobiles and emergency vehicles, as well as shared public ways that provide shortcuts and quieter, calmer links to open spaces and residences. With residential parking “unbundled” (requiring a purchase or lease separately from the housing unit) a congestion pricing fee for leaving the Island during peak periods, and built-in subsidies to purchase transit passes, residents are presented with incentives and rewards to adopt a “Transit-First” lifestyle. An on-Island Transportation Management Office provides further assistance to residents, workers and visitors who use alternative means of transportation to make all types of trips.

These characteristics support the key transportation objectives of the Project:

- Transportation infrastructure on the Island will be designed around opportunities to safely and comfortably walk and bike as primary modes;
- Transit services to and from the Island will operate throughout the day, evening, and weekends at high levels of service consistent with meeting demand and providing high-quality alternatives to the private automobile;
- Automobile use will be discouraged via parking policies, congestion pricing, and other policies such as ramp metering;
- The plan will be financially viable; and
- Transportation services and pricing will be managed over time to meet the real-time needs of residents and visitors to Treasure Island.

The planning for this transit-oriented, sustainable bicycle and pedestrian-friendly community has ensured consistency with SFMTA’s transportation programs, including the Transit Effectiveness Project, the Bicycle Plan, the Better Streets Program, and related agency policies regarding transit priority, traffic calming, parking and traffic management. The provisions for ferry service, East

Bay bus service and Bay Bridge vehicular access has similarly been informed by the regional agencies of WETA, AC Transit and Caltrans. Integrating the transportation policies and infrastructure in a cost-effective, sustainable and strategically viable implementation plan helps ensure that all Treasure Island transportation services are closely coordinated with the phased build-out of the development, and provides for long-term management and operation of these networks during and after Project build-out.

Attached is a copy of the Project's Draft Transportation Plan, which includes additional detail on each of these key components. The Draft Transportation Plan is the result of a eight-year community based planning process with key stakeholders including the CAB, TIDA, SFMTA, the San Francisco County Transportation Authority, the Planning Department, the Department of Public Health, Bay Area Toll Authority, the Bay Conservation and Development Commission, Association of Bay Area Governments, as well as members of key transportation advocacy organizations, including the SF Bicycle Coalition and the Sierra Club.

Attachments

- A. Draft Disposition and Development Agreement and Schedule of Performance
- B. Draft Transportation Plan

SCHEDULE OF PERFORMANCE

DRAFT

3/3/2011

Major Phase	Sub-Phase	Block	Parks & Open Space ^{1/}	Application Outside Date ^{2/}	Commencement Outside Date ^{2/}	Completion Outside Date ^{2/}	
1	1-Y-A	Y1-Y2		2012	2014	2025	
				2012	2014	2016	
				YBI Hilltop Park 1		2017	2018
			YBI Hilltop Park 2		2019	2020	
			YBI Open Space / HMP 1		2017	2019	
	1-A	B2-B3		2012	2014	2016	
			Eastside Commons 1		2017	2018	
			Clipper Cove Promenade 2		2017	2018	
			Sailing Center Pad		2016	2017	
			Pier 1		2018	2019	
	1-B	B1-C1-M1		2013	2015	2017	
			Building 1 Plaza		2018	2019	
			Marina Plaza		2018	2019	
			Clipper Cove Promenade 1		2018	2019	
	1-C	C2		2014	2016	2018	
			Cityside Waterfront Park 1		2019	2020	
			Cultural Park		2019	2020	
	1-D	IC1-IC4		2015	2017	2019	
			Eastside Commons 2		2020	2021	
					2018	2020	
	1-E	C3		2016	2018	2020	
Cityside Waterfront Park 2				2021	2022		
				2019	2021		
1-F	E1-E2		2015	2019	2021		
		Urban Farm 1		2023	2024		
		Eastside Park 1		2022	2023		
		Eastside Commons 3		2022	2023		
1-Y-B	Y3		2018	2020	2022		
				2023	2024		
		YBI Open Space / HMP 2		2023	2025		
2	2-A	E3-E4-P1		2018	2020	2026	
				2018	2020	2022	
			Eastside Park 2		2023	2024	
			Eastside Commons 4		2023	2024	
			Eastern Shoreline Park 1		2025	2026	
			Clipper Cove Promenade 3		2023	2024	
	2-B	C4		2019	2021	2023	
			Cityside Waterfront Park 3		2024	2025	
					2024	2025	
	2-C	E5-E6		2020	2022	2024	
			Eastside Park 3		2025	2026	
Eastside Commons 5				2025	2026		
		Eastern Shoreline Park 2		2025	2026		
3	3-A	E7-E8		2021	2023	2030	
				2021	2023	2025	
			Eastside Park 4		2026	2027	
			Eastside Commons 6		2026	2027	
			Eastern Shoreline Park 3		2026	2028	
	3-B	C12-C13		2022	2024	2026	
			Stormwater Wetlands		2025	2027	
			Urban Farm 2		2028	2029	
3-C	IC1-IC4		2023	2025	2030		
4	4-A	C5		2024	2026	2033	
				2024	2026	2028	
			Sports Park		2030	2031	
			Cityside Waterfront Park 4		2029	2030	
			Northern Shoreline Park / The Wilds		2030	2032	
	4-B	C10-C11		2025	2027	2029	
			Urban Farm 3		2031	2032	
					2028	2030	
			Cityside Waterfront Park 5		2031	2032	
			Urban Farm 4		2032	2033	
	4-D	C7-C8-C9		2027	2029	2031	
			Cityside Waterfront Park 6		2032	2033	
Community Facility			Obligation	Building Permit / Trigger ^{3/}	Application Outside Date ^{4/}	Commencement Outside Date ^{4/}	Completion Outside Date ^{4/}
				A	B	C	D



Waterfront Plaza / Ferry Terminal Phase 1	Facility	100 du	+6mo	+12mo	+36mo
Retail - Interim Grocery Store (5,000sf)	Facility	100 du	+6mo	+12mo	+24mo
Police / Fire Station	Facility	2,500 du	+6mo	+12mo	+24mo
Retail - Final Grocery Store (25,000sf)	Facility	5,000 du	+6mo	+12mo	+24mo
Ferry Terminal Phase 2	Facility	See TIDA / WETA MOU for meet and confer / decision making criteria for Phase 2 improvements			
WWTP / Recycled Water Plant / PUC 4-6 acres	Developable Pad	See PUC / TIDA WWTP MOA for timing of pad delivery			

Financial Obligation	Obligation	Mechanism
Open Space Annual O&M Subsidy	\$15.7 MM (NPV)	Max \$1.5mil first 5 yrs, \$3 mil per yr from Yr 6, subject to need per annual operating budget. See DDA for amounts and schedule.
Transportation Annual Operating Subsidy	\$30 MM (NPV)	Max \$4 mil per year, subject to need per annual operating budget. See DDA for amounts and schedule.
Transportation Capital Contributions	\$1.8 MM (NPV)	Per-bus subsidy: the lesser of 20% of the cost of a Muni bus, or \$300,000.
Community Facilities	\$12.5 MM (NPV)	Max \$2.5 mil every 3 years starting with completion of 1st Subphase on TI, & subject to approved budget & program description detailing what funds will be used for. See Community Facilities Plan for amounts & schedule.
Affordable Housing Subsidy	\$98 MM max; \$73.5 MM baseline	\$17,500 per market rate unit at each lot sale. Trueups at 50% of TI land acreage make-up to 2,100 units and at 4,200 units land sales, credit for any payment made at 2,100 unit true-up. See Housing Plan for amounts and schedule.
School Improvement Payment	\$5.35 MM	Payment due at the start of refurbishment work on the school grounds for purposes of opening a K-8 school. See DDA for amounts and schedule.
Ramps / Viaduct SFCTA Soft Cost Reimbursement	\$10 MM	Annual schedule of payments. See TIDA / SFCTA MOA 3rd Amendment for amounts and schedule.
Import Fill	\$1 MM	Payment due upon removal from stockpile at rate of \$3.50 per CY or for any remaining in stockpile after 12/31/2015 in 3 equal annual installments. See TIDA / D.A. McCosker Agreement.

^{1/} Horizontal obligations only, no vertical improvement or rehabilitation except as defined in Open Space Plan

^{2/} All dates are subject to navy's environmental remediation efforts provided in the Navy MOA and land transfers from Navy and TIDA

^{3/} Community Facility obligation is triggered by number of total building permits issued for residential dwelling units (shown in table above)

^{4/} Timeframes are additive: Completion Outside Date = Date of Trigger (A) + (B) + (C) + (D)

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WHEN RECORDED RETURN TO:**

Treasure Island Development Authority

San Francisco, California 94102
Attention:

Recorder's Stamp

DISPOSITION AND DEVELOPMENT AGREEMENT

(TREASURE ISLAND/YERBA BUENA ISLAND)

by and between

TREASURE ISLAND DEVELOPMENT AUTHORITY,
a public body, corporate and politic, of the State of California

and

TREASURE ISLAND COMMUNITY DEVELOPMENT, LLC,
a California limited liability company

DISPOSITION AND DEVELOPMENT AGREEMENT
(TREASURE ISLAND/YERBA BUENA ISLAND)

This DISPOSITION AND DEVELOPMENT AGREEMENT (TREASURE ISLAND/YERBA BUENA ISLAND) (including all Exhibits and Attachments as amended from time to time, this "DDA" or this "Agreement") dated for reference purposes only as of _____, 2011 (the "Reference Date"), is made by and between Developer and the Authority. The terms defined in Exhibit B that are used in this DDA have the meanings given to them in Exhibit B.

RECITALS

Developer and the Authority enter into this DDA with reference to the following facts and circumstances:

Overview

A. Naval Station Treasure Island ("NSTI") is a former United States Navy base located in the City and County of San Francisco ("City"), that consists of the following two islands connected by a causeway: (1) Treasure Island, comprised of approximately 406 acres of level filled land, and (2) an approximately 96 acre portion of Yerba Buena Island, a natural rock outcropping, steeply sloped and highly vegetated, with elevations rising to over 300 feet above the water. NSTI also includes approximately 315 acres of unfilled tidal and submerged lands lying adjacent to Treasure Island in San Francisco Bay and approximately 232 acres of unfilled tidal and submerged lands lying adjacent to Yerba Buena Island in San Francisco Bay (the "Submerged Lands").

B. The land within NSTI that is the subject of this Agreement is shown on Exhibit A, attached hereto (the "Project Site"). For purposes of this Agreement, the term "NSTI" excludes the portions of NSTI that are occupied by the United States Department of Labor Jobs Corps, the United States Coast Guard and the California Department of Transportation (collectively, the "Excluded Properties"). The Excluded Properties are also shown on Exhibit A, attached hereto.

C. During World War II, NSTI was used as a center for receiving, training, and dispatching service personnel. After the war, NSTI was used primarily as a naval training and administrative center. In 1993, Congress and the President selected NSTI for closure and disposition by the Base Realignment and Closure Commission acting under Public Law 101-510, 10 U.S.C. §2687 and its subsequent amendments ("BRAC"). The Department of Defense subsequently designated the City, and later the Authority, as the Local Reuse Authority ("LRA") responsible for the conversion of NSTI under the federal disposition process.

D. In 1994, a Citizen's Reuse Committee ("CRC"), representing a broad spectrum of community interests, was formed to (1) review reuse planning efforts for NSTI by the San Francisco Planning Department and the San Francisco Redevelopment Agency, and (2) make recommendations to the City's Planning Commission and Board of Supervisors.

E. In July 1996, after an extensive community planning effort, the City's Mayor, Board of Supervisors, Planning Commission and the CRC unanimously endorsed the Draft Reuse Plan (the "Reuse Plan") for NSTI. The Reuse Plan served as the basis for the preliminary redevelopment plan for NSTI. Since adoption of the Reuse Plan, the Authority has undertaken an extensive public process to further refine the land use plan for NSTI.

F. In 1996, the City concluded discussions with the Treasure Island Homeless Development Initiative, a California non-profit corporation, which is a collaboration of non-profit member organizations (collectively, "TIHDI"). TIHDI was formed in 1994 to develop the homeless component of the Reuse Plan, regarding an agreement (the "Original TIHDI Agreement") that would, among other things, (1) give TIHDI certain rights to participate in economic development opportunities at NSTI, (2) facilitate implementation of a permanent employment program related to activities occurring at NSTI, (3) give TIHDI certain rights to both temporary and permanent housing in support of TIHDI's programs, and (4) provide TIHDI with certain financial support. The United States Department of Housing and Urban Development approved the Original TIHDI Agreement on November 26, 1996. The Original TIHDI Agreement was updated pursuant to the Term Sheet for the Amended and Restated Base Closure Assistance Agreement (the "TIHDI Term Sheet") endorsed by the Treasure Island/Yerba Buena Island Citizens Advisory Board ("TICAB") on April 6, 2010, the Authority Board on April 7, 2010, and the Board of Supervisors on May 18, 2010. The Original TIHDI Agreement and the TIHDI Term Sheet are collectively referred to herein as the "TIHDI Agreement."

G. The Authority was created in 1997 to serve as the entity responsible for the redevelopment of NSTI. Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (as amended from time to time, the "Conversion Act"), the California Legislature (1) designated the Authority as a redevelopment agency under the California Community Redevelopment Law (California Health and Safety Code §33000 et seq.) ("CCRL") with authority over NSTI, and (2) with respect to those portions of NSTI that are subject to the Public Trust, vested in the Authority the authority to administer the Public Trust as to such property in accordance with the terms of the Act.

H. The Board of Supervisors approved the designation of the Authority as a redevelopment agency with powers over NSTI under the Conversion Act in Resolution No. 43-98, dated February 6, 1998.

I. After completion of a competitive master developer selection process, the Authority and Developer entered into the Exclusive Negotiating Agreement dated as of June 1, 2003. The Exclusive Negotiating Agreement was amended and restated in its entirety pursuant to the Amended and Restated Exclusive Negotiating Agreement dated as of September 14, 2005, as further amended by the Amendment to Schedule of Performance Set Forth in the Amended and Restated Exclusive Negotiating Agreement dated as of July 1, 2006, the Second Amendment to the Amended and Restated Exclusive Negotiating Agreement dated as of March 12, 2008, and the Third Amendment to the Amended and Restated Exclusive Negotiating Agreement dated as of February 10, 2010 (collectively, the "ENA"). The ENA sets forth the terms and conditions under which the Authority and Developer are willing to negotiate the transaction documents for

the conveyance, management and redevelopment of NSTI, including a schedule of performance for major milestones.

J. One of the key milestones under the ENA was the completion of a term sheet summarizing the key policy goals, basic development guidelines, financial framework and other key terms and conditions that formed the basis for the negotiation and completion of the final transaction documents.

K. On October 24, 2006, the TICAB voted 16-0-1 to endorse the Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island (the "2006 Development Plan"). On October 30, 2006, the Authority Board voted 6-0 to adopt Resolution No. 06-59-10/30 endorsing the 2006 Development Plan. On December 12, 2006, the Board of Supervisors voted 10-1 to adopt Resolution No. 699-06 endorsing the 2006 Development Plan, subject to the terms and conditions of Resolution No. 699-06.

L. The 2006 Development Plan was updated pursuant to the Update to Development Plan and Term Sheet (the "Development Plan Update") that (i) the TICAB voted 15 to 1, with one abstention, to endorse on April 6, 2010, (ii) the Authority Board voted 7 to 0 to endorse on April 7, 2010, and (iii) the Board of Supervisors voted 11 to 0 to endorse on May 18, 2010. The 2006 Development Plan and the Development Plan Update are collectively referred to in this Agreement as the "Development Plan."

M. On October 13, 2007, the Governor approved SB 815 (Migden) and on October 11, 2009, the Governor approved SB 833 (Leno). SB 815 and SB 833 both amended the Treasure Island Public Trust Exchange Act (as amended, the "Exchange Act"), which is the State legislation authorizing an exchange of Public Trust lands between Treasure Island and Yerba Buena Island, to be consistent with the proposed redevelopment program for the Project Site.

N. On September 26, 2008, the Governor approved AB 981 (Leno), which authorized (i) the creation of the Treasure Island Transportation Management Agency, (ii) implementation of a congestion management pricing program as part of the redevelopment of NSTI, and (iii) collection and distribution of parking, transit pass and congestion management pricing revenues as part of an overall transit demand management program for the proposed redevelopment of NSTI.

O. In accordance with the CCRL, the City, acting through its Board of Supervisors, approved a Redevelopment Plan for Treasure Island/Yerba Buena Island by Ordinance No. _____ adopted on _____ (the "Redevelopment Plan"). In cooperation with the City, the Authority is in the process of implementing the Redevelopment Plan. The Redevelopment Plan was recorded on _____, 2011, as Document No. _____ in the Official Records of the City. The Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of NSTI.

P. The United States of America, acting by and through the Department of the Navy ("Navy"), and the Authority have negotiated an Economic Conveyance Memorandum of Agreement (as amended and supplemented from time to time, the "Conveyance Agreement") that governs the terms and conditions for the transfer of NSTI from the Navy to the Authority.

Under the Conveyance Agreement, the Navy will convey NSTI to the Authority in phases after the Navy has completed environmental remediation and issued a Finding of Suitability to Transfer ("FOST") for specified parcels of NSTI or portions thereof.

Q. The purpose of this Agreement is to effectuate the Redevelopment Plan by providing for the disposition and development of the Project Site after the Navy's transfer of NSTI to the Authority in accordance with the Conveyance Agreement. This Agreement provides for a mixed-use development that is in furtherance of the Reuse Plan, the Development Plan, the TIHDI Agreement and the Redevelopment Plan, and is consistent with the City's General Plan and the eight Priority Planning Policies.

R. The Project, which is more particularly described in Section 1 and Exhibit __ attached hereto, has been presented and reviewed by the Treasure Island community and other stakeholders in over [___] public meetings, including those held before the Authority Board, the TICAB, the Board of Supervisors, the Planning Commission and in other local forums.

S. This Agreement describes those elements of the Project that Developer is permitted, and in some cases, obligated to construct. As described in Section 1.4 below, this Agreement contemplates that certain proposed improvements described in the Redevelopment Plan will be developed by parties other than Developer.

T. The Project Site has a unique and special importance to the Authority and to the City because of its location, the nature of the improvements and the uses contemplated for the Project Site. The Authority desires to advance the socioeconomic interests of the City and its residents by promoting the productive use of underdeveloped, former military base property and encouraging quality development and economic growth, thereby enhancing housing and employment opportunities for residents and expanding the City's property tax base. The Authority also desires to obtain the community benefits of the Project, which are in addition to those dedications, conditions and exactions required by laws or regulations, and which advance the redevelopment objectives of the Authority and provide benefits to the City and its residents.

U. The Authority has determined that by entering into this Agreement: (i) the Authority will ensure the productive use of underdeveloped, former military base property and foster orderly growth and quality development of the Project Site; (ii) development will proceed in accordance with the goals and policies set forth in the Reuse Plan, the Development Plan, the Redevelopment Plan, the General Plan and the City's Eight Priority Planning Principles; (iii) over time, the City will receive substantially increased tax revenues; (iv) the City will benefit from increased economic development and employment opportunities that the Project will create for City residents; and (v) the City will receive the community benefits that the Project will provide for City residents. The Project proposed under this Agreement and the fulfillment generally of this Agreement (A) are in the best interests of the Authority, the City, and the health, safety, morals and welfare of its residents; (B) are in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements; and (C) are consistent with, in furtherance of, and necessary to, the effectuation of the Redevelopment Plan.

V. The residential component of the Development will consist of a maximum of 8,000 Residential Units including up to 2,400 Affordable Housing Units. The Affordable

Housing Units, constituting 30% of the total number of Residential Units, are an integral part of the development meeting the varied housing needs of the community. Development of both the Market Rate Units and the Affordable Housing Units is essential to the feasibility and completion of the Redevelopment Program.

W. The City and the Authority have analyzed potential environmental impacts of the Project and identified mitigation measures in the Environmental Impact Report for Treasure Island and Yerba Buena Island (the "Project EIR") and a Mitigation Monitoring and Reporting Program attached hereto as Exhibit (the "Project MMRP"), in accordance with the requirements of CEQA. On or about the Reference Date, the Planning Commission certified the Project EIR and the Authority Board certified the Project EIR and approved this DDA.

X. The Parties wish to enter into this DDA to set forth the terms and conditions under which the Project will be developed.

AGREEMENT

ACCORDINGLY, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, Developer and the Authority agree as follows:

1. The Project.

1.1 Overview. This DDA contemplates a project (the "**Project**") under which the Authority acquires the Project Site from the Navy and conveys portions of the Project Site to Developer for the purposes of (i) alleviating blight in the Project Site through development of Improvements consistent with the Redevelopment Requirements, (ii) geotechnically stabilizing the Project Site, (iii) constructing Infrastructure to support the Project and other proposed uses on NSTI as contemplated in the Redevelopment Plan, such as roads and utilities, and including Infrastructure to support the construction of Affordable Housing Units, (iv) constructing and improving certain public parks and open spaces, (v) remediating certain existing Hazardous Substances, and (vi) selling and ground leasing Lots to Vertical Developers who will construct Units and commercial and public facilities thereon, all as more particularly described in this DDA.

1.2 Vertical Disposition and Development Agreements and Lease Disposition and Development Agreements. This Agreement grants to Developer (i) the right to acquire portions of the Project Site and (ii) the right, and upon the satisfaction of certain conditions, the obligation, to develop the Infrastructure and the Required Improvements. While this Agreement applies primarily to Infrastructure, it also includes certain terms and conditions that will apply to Vertical Improvements. In connection with the sale of Lots to Vertical Developers in accordance with Article 17, Developer, the Authority and each Vertical Developer will enter into a Vertical DDA for Lots that are not subject to the Public Trust. Because Public Trust property may not be sold in fee, development of certain of the Public Trust Parcels will be subject to a Lease Disposition and Development Agreement ("Vertical LDDA") that sets forth the terms under which the applicable Public Trust Parcels will be developed for commercial purposes in accordance with Article 17 below. For clarity, the Vertical DDA and the Vertical LDDA, as applicable, will include all of the terms and

conditions that will apply to Vertical Improvements, and they will incorporate by reference certain Attachments to this Agreement that will apply to both Infrastructure and Vertical Improvements.

1.3 Improvements. The primary Improvements constituting the Project are listed below and are more particularly described in the Redevelopment Plan, the Land Use Plan attached hereto as Exhibit, the Infrastructure Plan, the Parks and Open Space Plan, the Transportation Plan, the Community Facilities Plan, the Housing Plan, the Schedule of Performance, the Phasing Plan and the Design for Development. Developer and Vertical Developers shall design, construct and complete the Infrastructure and the Vertical Improvements, the Authority shall review Applications for their Approval, and the Authority, TIHDI and Qualified Housing Developers shall design, construct and complete the Authority Housing Units, all at the times and subject to the conditions set forth in this DDA and the Vertical DDA/LDDAs, as applicable. In accordance with the terms of this DDA and the Vertical DDA/LDDAs, Developer and Vertical Developers shall have the right and, with regard to certain Improvements identified in this DDA and upon the satisfaction of certain conditions set forth in this DDA, the obligation, to develop the Project shown on the Land Use Plan in accordance with the Redevelopment Documents, including, without limitation, the Project components listed below, excepting certain improvements to be constructed on the Project Site for which Developer is not responsible as described in Section 1.4 hereof.

(a) Geotechnical stabilization of certain portions of Treasure Island and the causeway connecting it to Yerba Buena Island, and addition of fill to raise the surface elevation on those portions of Treasure Island that are to be developed to address flood protection and potential future sea level rise as more particularly described in the Infrastructure Plan;

(b) Up to approximately 5,895 Residential Units, of which approximately 5% percent will be Inclusionary Units constructed in accordance with the Housing Plan attached hereto as Exhibit (the "Housing Plan") (with up to an additional Residential Units to be designed, constructed and completed by the Authority, TIHDI and Qualified Housing Developers);

(c) Up to approximately 140,000 square feet of new commercial and retail space with accessory parking;

(d) Up to approximately 100,000 square feet of new office space with accessory parking;

(e) Adaptive reuse of Buildings 1, 2, and 3 on Treasure Island with up to 311,000 square feet of commercial/flex space (the adaptive reuse would include approximately 67,000 square feet of additional retail, which, when combined with the 140,000 square feet of new retail yields a total of 207,000 square feet of retail space proposed on the Islands) with accessory parking;

(f) Adaptive reuse of certain of the historic buildings on Yerba Buena Island;

- (g) Up to approximately 500 hotel rooms or Fractional Interest Units;
- (h) New and/or upgraded public and community facilities, including a new joint police/fire station and upgraded school facilities on Treasure Island, and Developable Lots for the development by Authority or third parties of the Treasure Island Sailing Center, an Environmental Education Center and other community facilities, as more particularly described in the Community Facilities Plan;
- (i) New and/or upgraded public utilities, including the water distribution system, wastewater collection system, recycled water storage and distribution system, storm water collection and treatment system, a Developable Lot to accommodate the Wastewater Treatment Facility and land to accommodate other PUC improvements, as more particularly described in the Infrastructure Plan;
- (j) Up to approximately 300 acres of parks and public open space, as more particularly described in the Parks and Open Space Plan;
- (k) New and/or upgraded streets and public ways as more particularly described in the Infrastructure Plan;
- (l) Bicycle, transit, and pedestrian facilities as more particularly described in the Infrastructure Plan;
- (m) Landside services for the Marina as more particularly described in the Infrastructure Plan and Section ___ hereof, and
- (n) A ferry quay/bus intermodal transit center (Transit Hub) as more particularly described in the Infrastructure Plan; and
- (o) Such additional environmental remediation work more particularly described in the Infrastructure Plan after issuance of one or more FOST(s) for the Project Site.

The Parties acknowledge and agree that the density and intensity of development as set forth in this Section 1.3 form the basis of Developer's financial expectations for the Project and the Summary Proforma. The particular land uses and locations are shown in the Land Use Plan and defined more particularly in the Redevelopment Plan and the Design for Development. Design controls governing the Project are set forth in the Design for Development. The Land Use Plan is provided for the purposes of indicating the general type, pattern and location of development as shown, but shall not be construed as a regulating document with regard to land uses or development standards, both of which are regulated and controlled by the Redevelopment Plan and the Design for Development.

1.4 Redevelopment Project. The Redevelopment Plan contemplates the development of improvements within NSTI, including the Project Site, by parties other than Developer and Vertical Developers entering into Vertical DDA/LDDAs with Developer and the Authority. Such other improvements, including (i) the Authority Housing Units to be

developed by the Authority, TIHDI and Qualified Housing Developers, as more particularly described in the Housing Plan, (ii) the Marina to be developed by the Marina Developer in accordance with a separate Disposition and Development Agreement between the Authority and the Marina Developer, (iii) elements of the parks and open space system as described in the Parks and Open Space Plan (including without limitation, the regional sports facilities), (iv) the Wastewater Treatment Facility to be developed by the SFPUC, as described in the Infrastructure Plan, (vi) those projects as more particularly described in the Community Facilities Plan for which Developer is obligated to provide a Developable Lot but which are to be transferred by the Authority to other Vertical Developers.

1.5 Developer's Role Generally. Except as otherwise described in Section 1.4, Developer shall be the master developer for the Project, orchestrating development of the Project Site in cooperation with the Authority, the City, Vertical Developers, TIHDI, Qualified Housing Developers, the Marina Developer and others.

1.6 Development Process Generally. As more particularly described in Article 3, the Project will be developed in a series of Major Phases, and within each Major Phase in a series of Sub-Phases, under the following process, as and to the extent required under this DDA, the DRDAP and the Vertical DDA/LDDAs.

(a) a Substantially Complete Major Phase Application must be submitted to the Authority for each Major Phase before the applicable Outside Date set forth in the Schedule of Performance;

(b) Each Major Phase Application shall include a Site Plan showing proposed Sub-Phases within the applicable Major Phase;

(c) following (or simultaneously with) a Major Phase Approval, Developer shall submit a Sub-Phase Application to the Authority for each Sub-Phase within that Major Phase before the applicable Outside Date set forth in the Schedule of Performance, which Sub-Phase Application shall be a Complete or Substantially Complete Sub-Phase Application;

(d) following (or simultaneously with) submittal of each Sub-Phase Application, Developer shall seek approvals of Tentative and Final Subdivision Maps that would allow for the development and conveyance of Lots within the Sub-Phase in accordance with the Treasure Island/Yerba Buena Island Subdivision Ordinance (each a "Tentative Subdivision Map" or "Final Subdivision Map");

(e) following each Sub-Phase Approval, approval of the applicable Final Subdivision Map and satisfaction (or waiver) of the conditions for conveyance as more particularly set forth in Article 10 hereof, the Authority shall convey certain real property it owns or acquires within the Sub-Phase to Developer and Developer shall Commence and Complete the Infrastructure and Required Improvements for that Sub-Phase before the applicable Outside Dates set forth in the Schedule of Performance;

(f) following recordation of a Final Subdivision Map, Developer shall seek to Transfer each Lot to a Vertical Developer, which may include Developer and its Affiliates to the extent permitted under Section 21.3 below, for the construction of Vertical

Improvements, and in connection with such Transfer enter into a Vertical DDA and/or Vertical LDDA with such Vertical Developer;

(g) if not previously obtained, each Vertical Developer shall obtain a Vertical Approval for the proposed Vertical Improvements on the Lot it acquires; and

(h) each Vertical Developer shall have the right to proceed with the construction of Vertical Improvements consistent with its Vertical Approval, its Vertical DDA and/or Vertical LDDA and the Redevelopment Requirements.

1.7 Proportionality. Because the Project will be built over a long time period, the Parties have carefully structured the amount and timing of public and community benefits to coincide with the amount and timing of the development of Market Rate Units and other commercial opportunities. The public and community benefits have been described and apportioned as set forth in (i) the Phasing Plan and the Schedule of Performance, with respect to the Associated Public Benefits for each Major Phase and Sub-Phase, (ii) the Housing Plan, with respect to the delivery of the Authority Housing Lots, the production of Inclusionary Units and the delivery of the Developer Housing Subsidy, (iii) the Infrastructure Plan with respect to the Completion of Infrastructure; (iv) the Parks and Open Space Plan, with respect to the Completion of parks and open space and subsidy payments described therein; (v) the Transportation Plan, with respect to certain transportation improvements, benefits and subsidy payments described therein; (vi) the Community Facilities Plan, with respect to certain community facilities and subsidy payments described therein; and (vii) the Transition Rules and Regulations, with respect to the provision of certain transition housing benefits described therein. If Developer or a Vertical Developer requests changes to the amount or timing of public and community benefits as set forth above in any Application, then such changes shall be subject to the Approval of the Authority Director or Authority Board in accordance with the DRDAP and Section 3.6 below.

1.8 Phase Boundaries; Associated Public Benefits; Order of Development.

(a) The preliminary boundaries of Major Phases and Sub-Phases are set forth in the Phasing Plan. Developer may request changes to the boundaries of any Major Phase or Sub-Phase, which changes will be subject to the Approval of the Authority as set forth in the DRDAP and Section 3.6 below.

(b) “**Associated Public Benefits**” are public parks, open space, Required Improvements, affordable housing obligations and other public and community benefits as described in the Phasing Plan and the Schedule of Performance that Developer must Complete on or before the applicable Outside Date set forth in the Schedule of Performance. Developer may request changes to the Associated Public Benefits for any Major Phase or Sub-Phase consistent with the principle of proportionality set forth in Section 1.7, which changes will be subject to the Approval of the Authority as set forth in the DRDAP.

(c) Major Phase Applications and Sub-Phase Applications must be submitted in the order described in Section 3.5. Developer may request changes to such order,

which changes will be subject to the Approval of the Authority as set forth in Section 3.6 and the DRDAP.

1.9 Schedule of Performance. This DDA contemplates that the submission of Substantially Complete Major Phase Applications and Sub-Phase Applications, the Commencement and Completion of Infrastructure within Sub-Phases, the Commencement and Completion of the Required Improvements and certain other identified obligations will be Commenced or Completed by the applicable Outside Dates set forth in the Schedule of Performance. Developer may request changes or additions to the Schedule of Performance, which changes will be subject to the Approval of the Authority as set forth in the DRDAP. For the convenience of the Parties, following a Transfer under this DDA, the Authority, Developer and the Transferee may agree to maintain a separate Schedule of Performance related to the obligations of such Transferee under this DDA. Any such separate Schedule of Performance will be maintained by the Authority in accordance with Section 27.35.

2. Term of this DDA. The term of this DDA (the “Term”) shall commence upon the Effective Date and shall terminate, unless earlier terminated as provided below, on the date that is the earlier of: (i) the expiration of the Redevelopment Plan; and (ii) the last Certificate of Completion for the Project (including all Improvements contemplated under this DDA as of the Reference Date or Approved by the Authority at any time thereafter). This DDA shall also terminate, in whole or in part, to the extent provided under Section 3.8, Article 10, Section 11.4, and Article 16. Upon Developer's request, the Authority shall cause the lien of this Agreement to be released as to a particular Lot concurrently with the first sale of that Lot to a Vertical Developer, to be replaced by Vertical DDA/LDDA(s) in accordance with Section 4; provided, that (i) such Vertical DDA/LDDA shall include the obligation to complete all Infrastructure that has not been completed as of the first sale of the Lot, and (ii) Developer shall not be released of its obligation under this DDA to complete such Infrastructure. Indemnities and other obligations that are intended to survive partial release, expiration or termination will survive any partial release, expiration or termination.

3. Project Phasing.

3.1 Phased Development Generally. The Project Site has been divided into four (4) “Major Phases” and, within each Major Phase, various “Sub-Phases”, each of which is conceptually illustrated on the Phasing Plan. Subject to the terms and conditions in this DDA, the Authority shall convey portions of the Project Site owned or acquired by the Authority as provided in this DDA to Developer, and such portions shall be developed by Developer in phases under this DDA.

3.2 Phasing Goals. The phasing goals of the Project are intended to achieve an economically feasible project while balancing a number of competing interests, including ensuring that (i) the Associated Public Benefits are provided proportionately with the development of the Market Rate Units and in accordance with the Redevelopment Requirements; (ii) public right of ways and Infrastructure are developed in an orderly manner consistent with the Infrastructure Plan, finished portions of the Project are generally contiguous, and isolated pockets of development are not surrounded by construction activity; (iii) the amount of Infrastructure constructed is appropriate for the amount of Vertical

Improvements constructed and the need to provide continuous reliable service to existing residents and businesses; (iv) unsold inventory of Market Rate Lots is minimized; (v) development can respond effectively to the Navy's schedule for environmental remediation or the Navy's conveyances of real property to the Authority; (vi) the returns to the Authority, the Navy and Developer are maximized; (vii) the value of the Project is maximized in order to maximize the public and community benefits that the Project can deliver; and (viii) the phases can be adjusted to respond to market conditions, cost and availability of financing and economic feasibility (collectively, the "Phasing Goals").

3.3 Major Phases. The Parties intend that Major Phases allow for planning of large mixed-use areas or neighborhoods within the Project Site. The Authority's consideration and Approval of each Major Phase Application in the manner set forth in the DRDAP (each, as amended from time to time, a "**Major Phase Approval**") is required before, or concurrently with, the Authority's consideration of and grant of a Sub-Phase Approval for any Sub-Phase in that Major Phase.

3.4 Sub-Phases. The Parties intend that Sub-Phases allow for more detailed planning of smaller-scale areas within the Major Phase, subject to adjustment in accordance with the DRDAP and Section 3.6 below. Sub-Phase boundaries shall correspond to the boundaries in the applicable Tentative Subdivision Map or as otherwise set forth in the Sub-Phase Approval. The Authority's consideration and Approval of each Sub-Phase Application in the manner set forth in the DRDAP (each, as amended from time to time, a "**Sub-Phase Approval**") is required before the Authority's consideration of and grant of a Vertical Approval for any Vertical Improvements for that Sub-Phase in accordance with the Vertical DDA/LDDAs.

3.5 Applications for, Approval of and Sequencing of Major Phases and Sub-Phases. During the Term, Developer shall apply for, and the Authority shall consider and grant or deny Approvals of, Major Phases and Sub-Phases in the manner and subject to the terms and conditions set forth in this DDA and the DRDAP. Applications for Major Phase Approvals (each, a "**Major Phase Application**") and for Sub-Phase Approvals (each, a "**Sub-Phase Application**") shall be submitted on or before the Outside Dates set forth in the Schedule of Performance in the order set forth in the Phasing Plan (as the same may be updated from time to time as provided in Section 3.6 below). The "**Initial Sub-Phase**" collectively refers to the first Sub-Phase in each of Major Phase TI-1 and Major Phase YBI-YA, as described in the first Sub-Phase Application. The Initial Sub-Phase must include the Developable Lots on which the Replacement Housing Units triggered by the demolition of any existing low and the moderate housing units in Major Phase YBI-YA will be constructed as described in the Housing Plan. Developer shall submit a Sub-Phase Application for the Initial Sub-Phase on or before the applicable Outside Dates set forth in the Schedule of Performance.

3.6 Changes to Phasing Plan. The Phasing Plan illustrates the size, order and duration of the Project's Major Phases and Sub-Phases given the Phasing Goals described above, and the parties' best estimates of the conditions forecast for the expected development period. The parties acknowledge and agree that many factors, including, but not limited to, general economic conditions, the local housing market, capital markets, general market

acceptability, the adequacy of on-island services, and local tax burdens will determine the rate at which various product types within the Project can be developed and absorbed. Developer may request changes to the Phasing Plan (including changes to the Schedule of Performance that are necessary to reflect to revised phasing) consistent with the Phasing Goals as part of each Major Phase Application and/or Sub-Phase Application, and any such requested changes will be subject to the Approval of the Authority in accordance with the DRDAP. In determining whether to grant its Approval of the updated Phasing Plan (including changes to the Schedule of Performance that are necessary to reflect the revised phasing), the Authority may consider whether the updated Phasing Plan is consistent with the Phasing Goals; provided, however, with respect to a requested change in the order of Sub-Phases within a Major Phase, the Authority shall Approve such change if it reasonably determines that (i) the Associated Public Benefits will be developed proportionately with the development of the Market Rate Units and in accordance with the Redevelopment Requirements; (ii) the change in order will not impair the Authority's ability to comply with the CCRL Replacement Housing Obligation or any of its obligations under the TIHDI Agreement, the Transition Rules and Regulations or the Public Trust Conveyance Agreement; (iii) the development of the public right of ways and Infrastructure will be orderly, finished portions of the Project will be generally contiguous, and isolated pockets of development will not be surrounded by construction activity; and (iv) the amount of Infrastructure constructed is appropriate for the amount of Vertical Improvements constructed and the need to provide continuous reliable service to existing residents and businesses. The Authority also may request changes to the order of Major Phase Applications and Sub-Phase Applications, and any such requested changes will be subject to the Approval of Developer in its sole and absolute discretion. In determining whether to grant its Approval of such requested changes, Developer may consider, among other matters, how such changes would affect Project Costs and ability to achieve the Developer Return.

3.7 Phasing of Conveyances to Developer. Following the Approval of a Sub-Phase Application, applicable Final Subdivision Map and the satisfaction (or waiver by the Authority) of all conditions to the Authority's obligation to convey real property to Developer as set forth in Article 10, the Authority shall either (i) convey to Developer all or a portion of the property the Authority owns (or acquires as contemplated herein) that is part of that Sub-Phase, other than the "Public Property," which includes, without limitation, the Authority Housing Lots, the Community Facilities Lots, the Open Space Lots, the Police and Fire Station Lot, the Wastewater Treatment Facility Lot, the PUC Lot, the School Lot, the Sailing Center Lot, the Delancey Street Life Learning Center Lot, the Submerged Lands and the public right of ways and other real property intended to be owned permanently by Governmental Entities, or (ii) upon the mutual agreement of Developer and the Authority, convey to Developer all or a portion of the property the Authority owns (or acquires as contemplated herein) that is part of that Sub-Phase (other than the Public Trust Parcels), subject to Developer's obligation to convey the Public Property back to the Authority as it directs. If Authority conveys any of the Public Property to Developer, then any conveyance of such Public Property from Developer back to the Authority shall be free and clear of any title exceptions or encumbrances other than those (1) that existed at the time of the conveyance from the Authority to Developer, (2) permanent recorded restrictions or covenants that are required as a part of Developer's obligations hereunder (and not including any mechanics or other liens or security instruments) or under the Redevelopment

Requirements, (3) for ad valorem property taxes or assessments related to the period after Developer's ownership, or (4) requested by the Authority. All mapping and legal descriptions required for conveyances from the Authority to Developer under this DDA shall be prepared by Developer and Approved by the Authority Director and the Director of the Department of Public Works ("DPW") consistent with the Treasure Island/Yerba Buena Island Subdivision Code.

3.8 Effect of Failure to File Major Phase or Sub-Phase Applications in a Timely Manner; Right of the Authority to Offer Development Opportunity to Others.

3.8.1 If Developer fails to submit a Substantially Complete Major Phase or Sub-Phase Application to the Authority by the applicable Outside Date set forth in the Schedule of Performance, then the Authority may notify Developer that the Authority intends to terminate Developer's right to obtain Approval of such Substantially Complete Major Phase or Sub-Phase Application and some or all future Major Phase Applications and Sub-Phase Applications. If Developer does not respond to such notice by filing the overdue Substantially Complete Major Phase Application or Sub-Phase Application within ninety (90) days after receipt of such notice, the Authority may set a date for a public meeting on such termination and notify Developer of the meeting date, after which the Authority may, with the Approval of the Authority Board following the public meeting (and subject to Section 3.8.2), (i) terminate Developer's rights to obtain Approval of such Major Phase Application or Sub-Phase Application, and (ii) terminate Developer's right to submit all future Major Phase Applications and Sub-Phase Applications, in each case by notifying Developer before the date that Developer submits such overdue Major Phase Application or Sub-Phase Application. Upon any such termination, Developer's rights and obligations under this DDA for the affected real property shall, subject to Section 3.8.2, terminate and the Authority shall have the right to record a Notice of Termination as set forth in Section 27.36.

3.8.2 The Parties acknowledge that Project Site development will take place over many years and that the circumstances affecting such development may change during that period. Excluding the Major Phase 1, which consists of Sub-Phases TI-1 and YBI-YA (collectively, the "Initial Major Phase"), if Developer reasonably determines that the development of any Major Phase or Sub-Phase in accordance with this DDA has become commercially infeasible for reasons other than the financial condition of Developer, then before the applicable Outside Date for Developer's submission of a Substantially Complete Major Phase or Sub-Phase Application, Developer may notify the Authority that Developer is willing to proceed with the applicable Major Phase Application or Sub-Phase Application only if the Authority agrees to specified changes to the requirements of this DDA to make the proposed development commercially feasible (the "**Requested Change Notice**"). The Requested Change Notice shall include a detailed description of all the terms and conditions of this DDA that Developer proposes to change and the reasons why Developer believes that development is infeasible without the proposed changes. If Developer submits a Requested Change Notice and there is no uncured Material Breach by Developer (other than the failure to submit a Substantially Complete Major Phase or Sub-Phase Application with reference to the Major Phase or Sub-Phase as to which a Requested Change Notice is timely given), then the Authority shall not terminate all or any part of this DDA under Section 3.8.1 until the

Parties have negotiated proposed changes to this DDA for a period of not less than nine (9) months, subject to any extensions agreed to by Developer and the Authority (each in its sole discretion) and subject to Developer's cure of any then-existing Events of Default within the required cure period (other than the failure to submit a Substantially Complete Major Phase or Sub-Phase Application with respect to the Major Phase or Sub-Phase as to which a Requested Change Notice is given). If the Authority staff and Developer are able to agree to changes, then they shall promptly prepare a proposed amendment to this DDA, including an extension of the Schedule of Performance permitting Developer a reasonable time to submit Applications or amend existing Applications, for review and consideration by the Authority Board. Any such changes shall be subject to the Approval of the Authority in its sole and absolute discretion, following, if required, additional environmental analysis and review. The City, through its Board of Supervisors, in approving this DDA and the Redevelopment Plan, has delegated to the Authority the power to make such modifications as are necessary and desirable to amend this DDA in accordance with this Section 3.8.2; provided, however, Material Modifications to this DDA shall require the approval of the Board of Supervisors, which the Board of Supervisors may give or withhold in its sole and absolute discretion. If the Authority staff and Developer are unable to agree on the changes to this DDA within the time period set forth above, or if either the Authority Board or the Board of Supervisors to the extent required does not Approve the proposed changes to this DDA, then the Authority may exercise its termination rights as set forth in Section 3.8.1.

3.8.3 If Developer's right to submit Major Phase Applications or Sub-Phase Applications is terminated under Section 3.8.1 (following compliance with Section 3.8.2, if applicable), the Authority may in its sole discretion offer the development opportunity that was terminated (the "**Development Opportunity**") to other qualified developers under a request for proposals or other process determined by the Authority in its sole discretion. The Authority may require that the Development Opportunity conform to the material requirements of this DDA with respect to the applicable real property or may make such changes to the Development Opportunity as the Authority determines are appropriate under the circumstances; provided, that (i) if the Authority offers the Development Opportunity to others following termination under Section 3.8.1, the Authority must do so as part of an open and competitive process and, so long as Developer is not in Material Breach, Developer shall have the right to participate in the competitive process, and (ii) in formulating the Development Opportunity, the Authority will not permit uses that are incompatible with Developer's development rights under any portion of this DDA that has not been terminated. So long as the Authority offers the Development Opportunity under an open and competitive process that is consistent with the foregoing sentence and does not exclude Developer's participation as set forth above, Developer shall have no right to challenge, limit or contest the Authority's process or the offering of the Development Opportunity to others as set forth in this Section 3.8.3.

3.8.4 Upon any termination under Section 3.8.1, (i) the termination shall be without any cost reimbursement or other obligation to Developer except as provided in Section __ of the Financing Plan, and (ii) the Authority shall release Developer from all obligations that relate to the terminated portions of this DDA, including all Infrastructure obligations and Associated Public Benefits that relate to the Major Phases or Sub-Phases at issue, but excluding any indemnities or other obligations that survive termination.

3.8.5 All references to "Developer" in this Section 3.8 shall be deemed to include all Affiliates of Developer, if applicable, but shall not include Third Parties.

4. Vertical DDA and Vertical LDDAs; Vertical Approvals.

4.1 Vertical DDAs and Vertical LDDAs. Following recordation of a Final Subdivision Map and Developer has Completed, or provided Adequate Security to the Authority for the Completion in accordance with the Schedule of Performance of, the Infrastructure required by the Infrastructure Plan to service a particular Lot, Developer shall seek to Transfer Lots in accordance with Article 17 and enter into a Vertical DDA and/or Vertical LDDA with each Vertical Developer (including Developer and Affiliates of Developer) and the Authority that must be in substantially the form of the Vertical DDA or the Vertical LDDA to be Approved by Developer and the Authority prior to Developer's submittal of the first Major Phase Application (the "Approved Vertical DDA Form" and the "Approved Vertical LDDA Form", or collectively, the "Approved DDA/LDDA Form"). The Approved Vertical DDA Form shall include the terms outlined in Attachment hereto, and the Approved Vertical LDDA Form shall include the terms outlined in Attachment hereto. Each Vertical DDA/LDDA must include (a) a legal description of the Lots subject to the Vertical DDA/LDDA; (b) a detailed description of the Vertical Developer's rights and obligations, including but not limited to the assumption by Vertical Developer of applicable obligations under the Community Facilities Plan; (c) any obligations under this DDA that are assumed by Vertical Developer and, if applicable, from which Developer will be released; (d) the Indemnification obligations and releases of Vertical Developer as set forth in Article 11 and in the Developer Consent attached to the Interagency Cooperation Agreement; (e) if such Lots will contain Community Facilities Space, an undertaking by Vertical Developer to construct the applicable Community Facilities Space in accordance with the Community Facilities Plan; (f) if such Lots will contain a Residential Project, an obligation by Vertical Developer to construct the number of Units, including the number of Inclusionary Units, as are allocated to the Lot or Lots pursuant to the Housing Plan when the Vertical Improvements are constructed and comply with other applicable requirements of the Housing Plan; (g) an agreement and covenant by Vertical Developer not to challenge the enforceability of any of the provisions or requirements of this DDA or the Vertical DDA/LDDA, including, if such Lots will contain a Residential Project, an agreement and covenant by Vertical Developer for the benefit of the Authority and Developer regarding the non-applicability of the Costa-Hawkins Act as set forth in section 9 of the Housing Plan; (h) if the Infrastructure for the Lots is not Completed, either (A) an assumption of the obligation to Complete the Infrastructure in accordance with the Schedule of Performance, or (B) if Developer is retaining the obligation to complete the Infrastructure, an assumption of the risk of non-Completion and a waiver and release for the benefit of the Authority and the City regarding any failure to Complete the Infrastructure; (i) if applicable, the obligation to pay Excess Land Appreciation in accordance with Section 1.3(k) of the Financing Plan; (j) if the Vertical DDA/LDDA will allow the development of Fractional Interest Units, the Vertical DDA/LDDA must include a mechanism establishing a Transient Occupancy in-lieu fee running with the land, payable in the same manner and subject to the same terms and conditions as the City's Tax on Transient Occupancy of Hotel Rooms (San Francisco Business and Tax Regulations Code, Article 7 (as it may be amended from time to time); and (k) such other matters as are deemed appropriate by Developer and are Approved by the

Authority Director. Each such Vertical DDA/LDDA must be in recordable form and shall be Approved by the Authority Director provided the Vertical DDA/LDDA is substantially in the form of the Approved Vertical DDA Form or the Approved Vertical LDDA Form, as applicable, and is consistent with this DDA and the Redevelopment Requirements. Notwithstanding the foregoing, if Developer is then in Material Breach of any of its obligations in the applicable Sub-Phase, the Authority Director may elect, in his or her sole discretion, not to Approve such Vertical DDA/LDDA unless (i) if the Material Breach relates to the payment of any Financial Obligations, Developer cures the Material Breach, and (ii) for other Material Breaches, the Vertical DDA/LDDA includes a condition precedent in Authority's favor, requiring Developer, Vertical Developer and the Authority to have executed escrow instructions for the applicable Lot directing the escrow holder to hold the sale or transfer proceeds, less Developer's reasonable and customary closing costs paid through escrow, in a segregated account until (A) the Material Breach is cured and the Authority instructs escrow holder to release the funds, or (B) the Authority or Developer obtains a final and unappealable judgment in its favor regarding the Material Breach and the funds to be released from escrow. The Vertical DDA/LDDA shall also require the escrow instructions to direct the escrow holder to release the withheld funds to the applicable party in accordance with any such final non-appealable judgment. Any Material Modifications to the forms of the Vertical DDA or Vertical LDDA must be Approved by the Authority Board in its sole and absolute discretion. If a Vertical DDA/LDDA requires the Vertical Developer to Complete specified items of Infrastructure, the Authority shall reasonably consider (taking into account the ability of Developer to provide such access without crossing real property owned by the Authority) any request by the applicable Vertical Developer to enter into one (1) or more Permits to Enter with such Vertical Developer to provide necessary access to the Lot(s) by crossing real property owned by the Authority. On or prior to the closing of the Transfer of such Lot, Developer shall record the Vertical DDA/LDDA in the Official Records.

4.2 Vertical Applications and Approvals. Developer or Vertical Developers shall submit, and the Authority shall consider and Approve, Vertical Applications in the manner set forth in the DRDAP. Before Commencing a Vertical Improvement, Vertical Developers shall have entered into a Vertical DDA/LDDA in accordance with Section 4.1 and obtained a Vertical Approval for such Vertical Improvement in accordance with the DRDAP.

4.3 Conditions for Vertical Approvals. The Authority Director shall have no obligation to grant a Vertical Approval unless and until (i) the Authority has first granted the applicable Sub-Phase Approval, (ii) Developer has Completed, or provided Adequate Security to the Authority for the Completion of, the Infrastructure required by the Infrastructure Plan to service the Lot in accordance with the Schedule of Performance, (iii) the Authority has Approved a Final Subdivision Map that includes the applicable Lot, and (iv) the applicable Vertical Developer is in compliance with its Vertical DDA/LDDA. The Authority shall enter into, or cause TIHDI or other Qualified Housing Developers to enter into, Vertical LDDAs governing the construction of Authority Housing Units on the Authority Housing Lots to ensure that development on the Authority Housing Lots is consistent with the Redevelopment Plan and the Design for Development. Notwithstanding anything to the contrary above, there shall be no Vertical DDA/LDDA or Vertical Approval for the Public Property except that for Lots to be transferred to third parties for Vertical

Improvements, including without limitation, the Sailing Center, the Environmental Education Center, the Wastewater Treatment Facility, the Cultural Park and the waterside improvements for the Marina, the Authority shall enter into appropriate agreements that will ensure consistency of development on the Public Property with the Redevelopment Plan, the Design for Development and this Agreement, as applicable.

5. Reserved.

6. Land Acquisition. Developer will construct those portions of the Project for which it is entitled or obligated to construct on the Project Site. The Parties anticipate that the land in the Project Site will be acquired or otherwise made available in the manner described below.

6.1 Trust Exchange.

6.1.1 To implement the Exchange Act and to effectuate the planned reconfiguration of lands within the Project Site that are or may be held subject to (a) the public trust for commerce, navigation, and fishery, (b) a statutory trust imposed by the Conversion Act, or (c) both the public trust and a statutory trust (collectively, the “**Public Trust**”), the Authority agrees to enter into a separate title settlement, public trust exchange and boundary line agreement substantially in the form attached hereto as Attachment (the “**Public Trust Exchange Agreement**”), subject to the approval of the California State Lands Commission (“**State Lands**”), the Authority Board and the City acting by and through the Board of Supervisors. The Public Trust Exchange Agreement provides that the Public Trust exchange as described therein (the “**Public Trust Exchange**”) will occur in a series of phased closings (each, a “**Trust Exchange Closing Phase**”) upon the satisfaction of certain conditions. The lands to be included in the Public Trust Exchange lie within Treasure Island and Yerba Buena Island, as described more fully in the Public Trust Exchange Agreement. A map showing the areas of Treasure Island that will be removed from the Public Trust and the areas of Yerba Buena Island that will become subject to the Public Trust as part of the Public Trust Exchange is attached as Exhibit. The Authority and Developer shall each use reasonable efforts to satisfy the conditions and diligently and timely complete the Public Trust Exchange under the Public Trust Exchange Agreement to achieve a configuration of Public Trust and non-Public Trust lands substantially similar to that set forth in the Public Trust Exchange Agreement as and when needed to enable Developer to satisfy its obligations under this DDA in accordance with the Schedule of Performance, and as otherwise consistent with Sub-Phase Approvals. Without limiting the foregoing, Developer shall initiate and complete, at no cost to the Authority, all mapping and legal descriptions and take such additional actions as may be needed to effectuate the necessary Trust Exchange Closing Phase to allow for the timely closing of each Trust Exchange Closing Phase. The Parties acknowledge that, in accordance with the Public Trust Exchange Agreement, the governing body of State Lands (the State Lands Commission) must approve the Public Trust Exchange Agreement and certain conditions required by the Exchange Act must be satisfied prior to each Trust Exchange Closing Phase. Neither Developer nor the Authority shall engage in any activities that would be reasonably expected to jeopardize the Authority’s ability to satisfy the conditions for the Public Trust Exchange or any Trust Exchange Closing Phase as set forth in the Exchange Act or the Public Trust Exchange Agreement.

6.1.2 The Public Trust Exchange Agreement anticipates that the first Trust Exchange Closing Phase (the “**Initial Closing Phase**”) will include, among other things, the “Phase 1 Area” described in the Public Trust Exchange Agreement and depicted on Exhibit __, attached hereto. Developer and the Authority shall each use reasonable efforts to cause the applicable parties to complete the Initial Closing Phase promptly following close of escrow for the first conveyance under the Conveyance Agreement.

6.1.3 After the Initial Closing Phase, and except as may otherwise be provided in the Public Trust Exchange Agreement, Authority shall initiate subsequent Trust Exchange Closing Phases (each, a “**Subsequent Closing Phase**”) promptly upon the Authority obtaining the requisite land and otherwise being in a position to satisfy all closing conditions under the Exchange Agreement and in the order and timing needed to correlate to Developer’s phased development, as described in the Phasing Plan and any applicable Major Phase Approval. The Authority shall diligently prosecute the Subsequent Closing Phase to close; provided, that subject to satisfaction of the forgoing conditions, in no event shall Authority initiate a Subsequent Closing Phase later than thirty (30) days after Developer has submitted a Major Phase Application for the real property to be received by the Authority as part of that Subsequent Closing Phase. The Authority shall not be required to complete a Subsequent Closing Phase before it has acquired all necessary real property to be conveyed by the Authority as part of that Subsequent Closing Phase, and Developer has: (1) completed all mapping and legal descriptions necessary for the Subsequent Closing Phase, (2) paid or committed to pay all costs required under the applicable Public Trust Exchange Agreement to effectuate that Subsequent Closing Phase, and (3) submitted a Major Phase Application for the real property to be received by the Authority as part of that Subsequent Closing Phase.

6.2 Acquisition from the Navy. The Authority agrees to enter into the Economic Development Conveyance Memorandum of Understanding with the Navy substantially in the form attached hereto as Attachment __ (the “Conveyance Agreement”), subject to the approval of the Navy, the Authority Board and the City acting by and through the Board of Supervisors. The Authority shall make commercially reasonable efforts to consummate the timely acquisition of the Project Site from the Navy in accordance with the Conveyance Agreement. The Authority and Developer shall use commercially reasonable and diligent efforts to complete the conveyances under the Conveyance Agreement. Without limiting the generality of any other conditions precedent to the Authority’s obligation to convey real property under this DDA, the Parties agree it is a condition precedent to the Authority’s obligation to convey any real property at the Project Site to Developer, and for Developer to take title to the same, that the applicable conveyance from the Navy under the Conveyance Agreement has been completed, and that all applicable Trust Exchange Closing Phases for the property have been completed. The Parties further understand and agree that the Project Site may be subject to deed restrictions and other regulatory agency requirements relating to the presence of any Hazardous Substances subject to Developer’s rights set forth in Section 6.2.1 below.

6.2.1 Developer Rights to Comment on FOSTs. Section 3.4.1 of the Conveyance Agreement affords the Authority certain rights to comment upon any proposed FOSTs. The Parties agree that the Authority shall provide Developer the opportunity to comment on the proposed FOSTs and will incorporate Developer’s comments and/or

objections within the Authority's comments unless the Authority determines the comments are not reasonable.

6.2.2 Authority's Compliance with Conveyance Agreement. Authority shall diligently undertake all of its obligations under the Conveyance Agreement in a timely manner. In exercising its rights and carrying out its obligations under the Conveyance Agreement, Authority shall consult and coordinate closely with Developer and provide Developer with reasonable prior notice of all dispute resolution procedures occurring pursuant to Article 27 of the Conveyance Agreement, as well as all material meetings and conversations regarding the Conveyance Agreement, including the Major Phase Decisions. Developer shall reasonably cooperate with the Authority in connection with the Authority's enforcement of its rights and undertaking of its obligations under the Conveyance Agreement, including, without limitation, responding to Navy objections and participating in any conferences between the Authority and the Navy under Article 27 of the Conveyance Agreement.

6.2.3 Major Phase Decisions. Prior to or concurrently with each Major Phase Application, the decisions described in Sections 6.2.3(a) through (d) below (collectively, the "Major Phase Decisions") shall be agreed upon by the Authority and the Developer in accordance with section 5.6 of the Conveyance Agreement and Authority shall provide notice thereof to the Navy as more fully described in section 5.7 of the Conveyance Agreement. Authority shall also provide Navy with notice of and the opportunity to approve any modifications to the Major Phase Decisions occurring during any Major Phase or Sub-Phase, to the extent approved by Authority under the DRDAP and the Authority's approval shall be conditioned upon receipt of the Navy's approval of any such modification. Any dispute between Authority and Developer with regard to a Major Phase Decision shall be resolved pursuant to the Expedited Arbitration Procedure described in Section 15.1.2 hereof. The Major Phase Decisions consist of the following:

- (a) The proposed location of Residential Auction Lots within that Major Phase as shown on a revised land plan for that Major Phase showing the distribution of various Product Types.
- (b) The qualifications of Residential Auction Lot bidders by Product Type for that Major Phase based on the applicable Auction Bidder Selection Guidelines.
- (c) Minimum bid prices for the Residential Auction Lots and the Non-Critical Commercial Lots, which shall be based on the Pro Forma, as updated prior to the close of escrow for such Major Phase, as well as any Re-Setting of the Minimum Bid Price, as described above.
- (d) The Excess Land Appreciation Structure for that Major Phase for each Product Type in such Major Phase, as well as any re-evaluation of the Excess Land Appreciation Structure during any Major Phase. For purposes of this Agreement and the Conveyance Agreement, the "Excess Land Appreciation Structure" is defined as the structure, procedures and metrics of the then-prevailing, industry standard market based participation in

price appreciation greater than forecast at the time of such Lot sale (if any) for horizontal development land sellers.

6.2.4 Navy Caretaker Office. From and after conveyance of any Sub-Phase that includes the Navy Office as described in Article 13 of the Conveyance Agreement, Developer shall assume Authority's obligations to provide the Navy Office or a relocation premises provided in accordance with Article 13 of the Conveyance Agreement. In addition, Developer shall cooperate with the Authority's reasonable request to relocate the Navy Office prior to conveyance of the Sub-Phase that includes the Navy Office.

6.2.5 Redesign Trigger Event.

(a) If a Redesign Trigger Event occurs, as described in Section 4.2.3 of the Conveyance Agreement, Developer shall have the right to seek such necessary third-party approvals or modifications to restrictions (including, without limitation, State legislation if necessary) to re-entitle, redesign and rebuild portions of the Project on such mutually agreed upon sites elsewhere on Treasure Island, which sites may include, but are not limited to, Site 24 and the surrounding area identified on Exhibit __, attached hereto, as the "Site 12 Redesign Site," in a manner that would permit the type of development proposed for the property that is the subject to the Redesign Trigger Event (including, without limitation, residential development of the type and density contemplated in the Design for Development) (the "**Redesign Plan**"). The Authority shall reasonably cooperate with Developer in such actions. The scope of the Redesign Plan shall be to the extent reasonably necessary, as determined by the Developer, to recapture the lost value to the Project resulting from the Redesign Trigger Event. The primary goal of any Redesign Plan shall be to recover an equivalent amount of development value attributable to the applicable parcel based on the level of development permitted by the Project and Developer's financial projections, or if the parcel is an open space parcel, based upon the lost value to the Project resulting from the redesign of the affected open space. The Redesign Plan shall address the rebuilding of already constructed Horizontal Improvements to the extent necessary to accommodate the redesign, and shall identify the incremental level of additional Horizontal Improvements, if any, required as a result of the redesign.

(b) Work Program and Budget. Upon the occurrence of a Redesign Trigger Event, Developer and the Authority shall meet and confer to mutually agree on a work program and budget (the "**Work Program**" and the "**Redesign Budget**") for a Redesign Plan to be submitted to the Navy no later than one hundred eighty (180) days after a Redesign Trigger Event (as such date may be extended by the Navy in accordance with the terms of the Conveyance Agreement). The Work Program shall set forth the anticipated work program and schedule necessary to prepare, entitle and implement the Redesign Plan. The Redesign Budget shall estimate the anticipated costs necessary to prepare, entitle and implement the Redesign Plan (the "**Redevelopment Plan Redesign Costs**"). Redevelopment Plan Redesign Costs shall include, without limitation, all Soft Costs related to the Redesign Plan, including without limitation, costs associated with any subsequent environmental review that is required pursuant to CEQA, and Hard Costs related to the rebuilding, replacing, relocating or incremental cost of additional Horizontal Infrastructure as necessary to accommodate the Redesign Plan. If after Navy's ninety (90) day review process under the Conveyance Agreement, the Navy objects, Developer shall fully participate in the Authority's discussions with the Navy, and the Authority

shall consult and coordinate closely with Developer and provide Developer with reasonable prior notice of all dispute resolution proceedings pursuant to the terms of the Conveyance Agreement.

(c) Upon the Navy's approval of the Work Program and Redesign Budget, Developer shall diligently proceed with the planning, design and entitlement activities reasonably necessary to implement the Redesign Plan. If, despite such efforts, Developer has not obtained all such necessary third-party approvals or modifications by the Outside Date for submittal of a Major Phase Application that includes the property subject to the Redesign Trigger Event, then such Outside Date shall be automatically extended by such further time as reasonably necessary to complete all aspects of redesign, including any further CEQA review, to a final binding, non-appealable result; provided, that Developer is diligently proceeding to obtain all such necessary third-party approvals or modifications. Developer shall thereafter submit a Major Phase Application for the applicable Major Phase that is consistent with the applicable third-party approvals, land use restrictions and modifications thereto that Developer obtains, if any. Following the Major Phase Approval thereof, if any, the Parties shall make adjustments to this DDA (including the Land Use Plan and other Exhibits) and use their respective commercially reasonable efforts to make adjustments to the Redevelopment Documents, in each case to the extent necessary to enable development consistent with such Major Phase Approval.

7. Construction of Infrastructure.

7.1 Related Infrastructure; Unrelated Infrastructure.

7.1.1 Related Infrastructure. “**Related Infrastructure**” is Infrastructure that is designated in the Infrastructure Plan or the Phasing Plan as part of or relating to development of a particular Sub-Phase, as it may be changed in a Major Phase Approval or Sub-Phase Approval (as set forth in the DRDAP), and may include Infrastructure located outside of the Sub-Phase. Developer shall (i) following each Sub-Phase Approval and Developer acquisition of the required real property under Article 10 or otherwise, Commence the Related Infrastructure for the Sub-Phase on or before the Outside Date specified in the Schedule of Performance and (ii) diligently and continuously prosecute the Related Infrastructure to Completion in accordance with this Article 7, and in any event before the applicable Outside Date specified in the Schedule of Performance (the “**Infrastructure Obligations**”).

7.1.2 Unrelated Infrastructure. “**Unrelated Infrastructure**” is Infrastructure contemplated by the Infrastructure Plan but not yet required for development of a Sub-Phase for which Developer has obtained Sub-Phase Approval. Developer may elect to construct Unrelated Infrastructure before receipt of any particular Sub-Phase Approval upon applying to and receiving Approval to do so from the Authority Director. Such Approval may be withheld by the Authority Director if he or she reasonably determines that such construction will materially interfere with the Phasing Plan or with the timing of the availability of Tax Increment for other development within the Project Site. In connection with any such Approval, the Authority shall reasonably consider any request by Developer to enter into one (1) or more Permits to Enter under which Developer may construct the Unrelated Infrastructure.

7.2 Transferable Infrastructure.

7.2.1 **“Transferable Infrastructure”** means items of Related Infrastructure consisting of (1) final, primarily behind the curb, right-of-way improvements, including, sidewalks, light fixtures, street furniture, landscaping, and driveway cuts, and (2) utility laterals serving the applicable Lot, including storm, sewer, water, reclaimed water, dry utilities and utility boxes.

7.2.2 Transferable Infrastructure. The purpose of this Section is to minimize the risk of damage to Infrastructure from construction of Vertical Improvements and to allow Developer and Vertical Developers to coordinate their respective construction. Developer may elect to Transfer any Lot to a Vertical Developer before Completion of Transferable Infrastructure associated with the Lot unless the Transferable Infrastructure associated with such Lot is also associated with Authority Housing Lots (which is governed by the Housing Plan) or Public Property. Any such Transfer shall not extend the Schedule of Performance for Completion of Infrastructure for the applicable Sub-Phase except as otherwise provided in this Section. If Developer Transfers any Lot prior to Completion of applicable Transferable Infrastructure, then Developer shall have the right to transfer the obligation to Complete any or all items of Transferable Infrastructure to the Vertical Developer under the Vertical DDA/LDDA, provided, however, that no such transfer shall release Developer of its Infrastructure obligations hereunder. If the Transfer of the Lot(s) occurs prior to the Infrastructure Completion date for that Sub-Phase, as shown on the Schedule of Performance, then notwithstanding the Schedule of Performance, the applicable Transferable Infrastructure shall be Completed upon the earliest of (i) issuance of a Certificate of Occupancy for the applicable Vertical Improvement, (ii) twenty-four months after the date of Transfer, or (iii) twelve (12) months after the Infrastructure Completion date for that Sub-Phase. For any Lots that have not been Transferred prior to the Infrastructure Completion date for that Sub-Phase, Developer may request that the date for Completion of Transferable Infrastructure for such Lots be extended concurrent with Vertical Development, which consent may be given or withheld in Authority’s sole discretion. In addition, Developer may request Authority’s approval to transfer the obligation for any other item of Infrastructure other than Transferable Infrastructure to a Vertical Developer, which consent may be given or withheld by Authority in its sole discretion.

7.2.3 Security for Transferable Infrastructure. If Developer transfers the obligation for Transferable Infrastructure to a Vertical Developer, Developer shall have the right to assign the applicable public improvement agreement to the applicable Vertical Developer, and with Authority’s Approval, Vertical Developer may provide Adequate Security to replace Developer’s Adequate Security for the applicable items of Transferable Infrastructure so long as the replacement Adequate Security is equivalent to the Adequate Security to be released as reasonably determined by Authority.

7.3 Compliance with Standards. Developer shall Complete, or cause to be Completed, all Infrastructure (i) in accordance with this DDA (including the Infrastructure Plan, the Transportation Plan, the Sustainability Plan, the Community Facilities Plan, the Housing Plan, the Project MMRP, the Phasing Plan, the Schedule of Performance and section 7 of the Public Trust Exchange Agreement), and (ii) in a good and workperson-like manner,

without material defects, in accordance with the Construction Documents and all applicable Authorizations and the TI/YBI Subdivision Code. Without limiting the foregoing, the Infrastructure located on and serving the Public Property and the Authority Housing Lots must be equivalent in quality, sizing, capacity and all other features to the Infrastructure located on and serving the Market Rate Lots and the Commercial Lots, subject to any variations specifically set forth in the Infrastructure Plan and any reasonable variations related to physical conditions (such as sloping), use, or intensity of development.

7.4 Authority Conditions to Developer's Commencement of Infrastructure. The following conditions precedent shall be satisfied before Developer may Commence any Infrastructure, unless expressly waived by the Authority in accordance with Section 7.5:

7.4.1 Developer shall have obtained (i) a Major Phase Approval and a Sub-Phase Approval for the real property on which the Infrastructure is to be constructed (except for Unrelated Infrastructure and Related Infrastructure outside of the Sub-Phase), and (ii) all other Authorizations required herein from the Authority or any other Governmental Entities to Commence such Infrastructure;

7.4.2 Developer shall have recorded in the Official Records a Final Subdivision Map covering the real property on which the Infrastructure is to be constructed (except for Unrelated Infrastructure and Related Infrastructure outside of the Sub-Phase);

7.4.3 Developer shall have performed its obligations under the Financing Plan related to the applicable Sub-Phase as and when required, subject to the Authority having performed its obligations pertaining to such formation as and when required under the Financing Plan;

7.4.4 Developer shall have submitted to the Authority the Construction Documents for such Infrastructure and such Construction Documents shall have been reviewed and Approved under the DRDAP;

7.4.5 any demolition or grading permit required in order to Commence the Infrastructure shall have been issued by the City;

7.4.6 Developer shall not be in Material Breach of this DDA with respect to any obligations arising in the applicable Sub-Phase or with respect to Developer's Infrastructure Obligations in the applicable Major Phase related to the Infrastructure being constructed;

7.4.7 to the extent such Infrastructure is to be located outside the Sub-Phase boundaries or on portions of the Project Site that the Navy has not yet transferred to the Authority, Developer shall have acquired all easements, leases or licenses or otherwise made such arrangements with the Navy and the Authority as are necessary (and reasonably satisfactory to the Authority) to Commence and Complete such Infrastructure; and

7.4.8 Developer has provided the Reversionary Quitclaim Deed to the extent required under Article 16 hereof, and Developer has provided, and the Authority Director has Approved, Adequate Security for Completion of the Related Infrastructure, and any

Unrelated Infrastructure associated with the applicable Sub-Phase that Developer has elected to construct in accordance with Section 7.1.2, in favor of the Authority and, to the extent required under the TI/YBI Subdivision Code, the City.

7.5 Conditions for Benefit of the Authority. The conditions set forth in Section 7.4 are solely for the benefit of the Authority and may be waived only by the Authority Director (except that the condition in Section 7.4.2 shall not be waivable). Provided that Developer has not committed a Material Breach that remains uncured beyond any applicable cure period, the Authority shall take such actions as are required of the Authority under the DRDAP and this DDA to review, consider and grant Developer's request for necessary Approvals to satisfy the above conditions. If any of the conditions are not timely satisfied, they may be waived by the Authority Director or the Authority may extend the time for satisfaction of the conditions, as Approved by the Authority Director in his or her sole discretion (except that the condition in Section 7.4.2 shall not be waivable).

7.6 Developer Efforts to Satisfy Authority Conditions. Provided that the Authority has not committed a Material Breach that remains uncured beyond any applicable cure period, Developer shall use its diligent and reasonable efforts, and otherwise take such actions as are required under this DDA to cause the conditions set forth in Section 7.4 to be satisfied in sufficient time to enable Developer to meet the Outside Dates set forth in the Schedule of Performance; provided, that the foregoing shall not require Developer to pay any sum of money not otherwise required under this DDA.

7.7 Effect of Failure of Condition. The Parties expressly acknowledge and agree that a failure of condition in favor of the Authority for one Major Phase, Sub-Phase, Lot or Vertical Project shall not by itself be deemed the failure of a condition for any other Major Phase, Sub-Phase, Lot or Vertical Project except to the extent such failure directly pertains to the other Major Phase, Sub-Phase, Lot or Vertical Project (e.g., the failure to satisfy a condition may prevent subsequent Sub-Phase Approvals if the Infrastructure needed to service the proposed Sub-Phase has not Commenced), nor shall such failure relieve Developer or the Authority of an obligation that arose before the failure of such condition. The failure of a condition shall not, in and of itself, be an Event of Default; provided, that (i) the failure of Developer to comply with Section 7.6 may, following notice and the cure period set forth in Article 16, be an Event of Default, and (ii) the failure of the Authority to act upon an Application as and when required under the DRDAP shall not be a Material Breach but shall give rise to an Excusable Delay.

7.8 Completion of Developable Lots. As part of its Infrastructure obligations, Developer shall Complete all work necessary to create Developable Lots within the Project Site. To be a "**Developable Lot**", the following conditions shall be met:

7.8.1 a Final Subdivision Map creating a separate legal parcel for the Lot has been Approved and recorded in the Official Records;

7.8.2 The Lot has been graded and soil compacted in accordance with the applicable grading permit and in conformance with the geotechnical recommendations of the site as certified by Developer's geotechnical engineer;

7.8.3 the Lot is served by the Infrastructure described in the Infrastructure Plan with respect to the Lot, except to the extent that items of Transferable Infrastructure remain outstanding and will be constructed by the applicable Vertical Developer or Completed after the Vertical Improvements, as described in Section 7.2 and the Housing Plan;

7.8.4 For a Lot for which the Navy has issued a FOST, the condition of the Lot shall, to the extent such compliance is within the control of Developer, comply with all applicable requirements in the FOST, Petroleum Corrective Action Plan, Management Plan (including operation and maintenance requirements applicable at the time the Developable Lot is created by the Developer) and any applicable restrictions in deeds or covenants;

7.8.5 all other obligations outside the boundaries of the Lot as required by applicable Governmental Entities have been fulfilled, or appropriate guarantees, bonds and/or subdivision improvement agreements acceptable to the City and the Authority are in place, as necessary to enable the issuance of a Building Permit to Commence construction on the Lot; and

7.8.6 for the Open Space Lots, Developer shall Complete the surface Improvements in accordance with the Parks and Open Space Plan, the Conceptual Parks and Open Space Master Plan and the applicable Major Phase and Sub-Phase Approvals.

8. Construction of Vertical Improvements/Required Improvements.

8.1 Vertical Improvements. Upon receipt of a Vertical Approval, the applicable Vertical DDA/LDDA will provide the Vertical Developer the right to Commence and construct the applicable Vertical Improvements at any time. The Vertical DDA/LDDAs provide that the Vertical Developer and the Authority must at all times comply with the provisions of the DRDAP with respect to the Vertical Improvements.

8.2 Required Improvements. Developer shall Commence and Complete the Required Improvements in accordance with the Schedule of Performance. As described in Section 10.1.3, the Required Improvements to be constructed by Developer on land owned by the Authority that has not been conveyed to Developer by Quitclaim Deed or Ground Lease (*i.e.*, the police/fire station and the ferry terminal), will be pursuant to a Permit to Enter between Authority and Developer. Developer's obligation for the 25,000 square foot grocery store (the "Required Retail"), consists of Completion of a Developable Lot and core and shell building improvements (which may include retrofit or rehabilitation of existing buildings, or construction of new buildings) adequate to accommodate the Required Retail and the use of diligent efforts to attract retail tenants for at least six (6) months prior to the Required Retail Completion Date in the Schedule of Performance. Diligent efforts include offering incentives and subsidies reasonably designed to attract a grocery tenant for the Required Retail. Developer shall not be deemed to be in Material Breach of this Agreement for failure to attract tenants for the Required Retail so long as Developer is diligently pursuing potential tenants. Developer will use commercially reasonable efforts to attract a grocery store that sells staples, fresh meat, and fresh produce and to attract a pharmacy tenant. If a grocery tenant has not commenced operating in the Required Retail prior to or on the applicable

Outside Date set forth in the Schedule of Performance, then the Authority and the Developer shall meet and confer for a period of sixty (60) days regarding a strategy for attracting a grocery tenant and an extension of the Outside Completion Date set forth in the Schedule of Performance for the Required Retail. If either (i) the Parties are unable to agree on such strategy and extension of the Schedule of Performance or (ii) a grocery tenant has not commenced operating in the Required Retail prior to or on the extended Outside Completion Date, then the Authority shall have the right to market and lease the Required Retail and Developer shall deliver to the Authority the budgeted retail subsidy.

8.3 Marina Landside Improvements. Upon the later of (i) close of escrow of a ground lease between the Authority and the Marina Developer pursuant to the terms of a Lease Disposition and Development Agreement between the Authority and the Marina Developer (the "Marina LDDA"), or (ii) close of escrow for the conveyance to Developer of the Marina Landside Property, Developer shall grant the Marina Developer rights in the Marina Landside Property, including portions of the area contemplated for the Phase II Landside Improvements, which grant may be by easement, license, or otherwise, to provide the Marina with pedestrian and vehicular access, and for utility connections and services, parking loading, sanitary facilities and showers for Marina users and other facilities reasonably necessary or useful to the Marina functionally equivalent to those contemplated in the Marina Term Sheet and as more specifically to be described in the Marina LDDA. Developer shall Commence construction of the following Required Phase II Landside Improvements within five (5) years after the Reference Date: such rights for access, utilities, parking loading and otherwise as is reasonably required for both construction and permanent operations of the Marina. Notwithstanding the foregoing, Developer's obligation in this Section 8.3 shall be subject to Close of Escrow on the applicable Sub-Phase within the time required for Developer to satisfy this obligation. If Developer has not Commenced the Required Phase II Landside Improvements within five (5) years from the Reference Date, the Authority, in its sole discretion, may terminate Developer's right to the Marina Landside Property and the Authority shall have the right to convey the Marina Landside Property to Marina Developer to construct the Phase II Landside Improvements; provided, however, that Authority shall reserve to Developer such reasonable rights for access, utilities, parking loading and otherwise as is reasonably required for both construction and permanent operations of the Project.

9. Issuance of Authorizations; Issuance of Certificates of Completion.

9.1 Authorizations.

9.1.1 Developer and Vertical Developer, as applicable, must obtain from any City Agency or other Governmental Entity having jurisdiction over all or a portion of the Project Site any permit, approval, entitlement, agreement, permit to enter, utility service, subdivision map (including under the TI/YBI Subdivision Code), Building Permit or other authorization for the work they are required to perform under this DDA or the Vertical DDA/LDDA and as may be necessary or desirable to effectuate and implement such work (each, an "**Authorization**"). Authorizations required for the Project from the Authority or a City Agency shall be consistent with the Applicable Regulations and the Development Agreement. The Authority will reasonably cooperate with Developer and Vertical

Developers upon request in obtaining these Authorizations, including, without limitation, executing any such Authorizations to the extent the Authority is required to execute the same as co-applicant or co-permittee, or as otherwise Approved by the Authority Director so long as such Authorizations are consistent with this DDA or the Vertical DDA/LDDA, as applicable. None of the Authority, Developer or any Vertical Developer will agree to the imposition of any conditions or restrictions in connection with obtaining any such Authorization if the same would create any obligations on the Authority's part not otherwise contemplated under this DDA or the Vertical DDA/LDDA, as applicable, without the Approval of the Authority, which may be given or withheld in the Authority's sole discretion. A signature by the Authority staff on any Authorization or application for an Authorization shall be conclusive evidence that the content of such application or Authorization is consistent with the Redevelopment Requirements, except to the extent the signature is based on material error or incorrect information supplied by the applicant.

9.1.2 Developer, with respect to Infrastructure, and Vertical Developers, with respect to Vertical Improvements constructed by them, at no cost or expense to the Authority, shall be solely responsible for ensuring that the design and construction of their respective Improvements complies with any and all applicable laws and conditions or restrictions imposed by any City Agency or other Governmental Entity in connection with any Authorization, whether such conditions are to be performed on the Project Site or require the construction of Improvements or other actions off the Project Site. Any fines, penalties or corrective actions imposed as a result of the failure of Developer or a Vertical Developer to comply with the terms and conditions of any such Authorization shall be paid or otherwise discharged by Developer or Vertical Developer, as the case may be, and (i) the Authority shall have no liability, monetary or otherwise, for such fines and penalties, and (ii) such fines or penalties shall not be Project Costs.

9.1.3 Application for Building Permits shall be made in accordance with the DRDAP. The Authority's review of Building Permit applications and Subdivision Map Applications does not include review of compliance with requirements and standards other than the Redevelopment Requirements, and the Authority shall have no obligations or responsibilities for such compliance.

9.1.4 Notwithstanding anything to the contrary above, the Authority shall have no obligation to execute any application for any Authorization that would impose costs or fees on the Authority unless the applicant arranges a reimbursement arrangement Approved by the Authority in its sole and absolute discretion.

9.2 Issuance of Certificates of Completion.

9.2.1 Generally. When (i) Developer reasonably believes that it has Completed Related Infrastructure, or a portion thereof, or Unrelated Infrastructure, or a portion thereof, Developer shall request the Engineer to issue an Engineer's Certificate verifying that Developer has Completed the specified Infrastructure in accordance with the Construction Documents or (ii) with respect to Vertical Improvements that are Required Improvements, Developer shall request the Architect to issue an Architect's Certificate verifying that Developer has Completed the specified Required Improvements in accordance

with the Construction Documents. Upon issuance, Developer shall deliver to the Authority the Engineer's Certificate or Architect's Certificate, as applicable. Within twenty (20) days after the Authority's receipt of any such Engineer's Certificate or Architect's Certificate, as applicable (or any resubmittal pursuant to Section 9.2.4 hereof), the Authority shall either issue to Developer a Certificate of Completion for the applicable Infrastructure or Required Improvements or provide to Developer a statement of the reasons for the failure to issue the Certificate of Completion as more particularly set forth in Section 9.2.4.

9.2.2 Effect of Certificate of Completion on Developer and Vertical Developer. For purposes of this DDA or the applicable Vertical DDA/LDDA only, the issuance of a Certificate of Completion shall be a conclusive determination of the Completion of the applicable Infrastructure or Required Improvements in accordance with this DDA or the applicable Vertical DDA/LDDA, including without limitation with respect to the obligations to Commence and Complete the Infrastructure or Required Improvements, as applicable, in accordance with the Construction Documents; provided, however, such determination shall not impair the Authority's right to indemnity under Article 22 or the City's or the Authority's right to require correction of any defects in accordance with the TI/YBI Subdivision Code. Developer or a Vertical Developer shall record the Certificate of Completion within forty-five (45) days following receipt thereof.

9.2.3 Effect of Certificate of Completion on any Person. Following recordation of the Certificate of Completion, any Person then owning or later purchasing, leasing or otherwise acquiring any interest in the applicable Major Phase, Sub-Phase, Lot or Vertical Project shall not, solely by virtue of such ownership, purchase, lease, or acquisition, or by virtue of such Person's actual or constructive knowledge of the contents of this DDA or the Vertical DDA/LDDA, as applicable, incur any obligation or liability under this DDA or the Vertical DDA/LDDA, as applicable for the construction, operation, restoration or rehabilitation of the Infrastructure or Vertical Improvements for which the Certificate of Completion has been recorded; provided, that such Person shall be subject to any Vertical DDA/LDDA to which it is a party, obligations of record and the Redevelopment Requirements. The Authority's issuance of any Certificate of Completion shall not relieve Developer, Vertical Developer or any other Person from any applicable building, fire or other construction code requirement, conditions to occupancy of any Improvement, or other applicable laws.

9.2.4 Authority Refusal to Issue a Certificate of Completion. If the Authority refuses or fails to issue a Certificate of Completion in accordance with Section 9.2.1, then the Authority shall provide to Developer or Vertical Developer, as applicable, a written statement setting forth the basis for such refusal or failure and the reasonable acts or measures that must be taken by Developer or Vertical Developer, as applicable, to obtain a Certificate of Completion. Developer or the Vertical Developer (as the case may be) may resubmit their request for a Certificate of Completion at any time after completion of such acts or measures required to obtain a Certificate of Completion.

9.2.5 Authority and City Cooperation Regarding Certain Certificates of Completion. The Parties acknowledge and agree that the Authority will forward all Engineer's Certificates for Infrastructure that constitutes public improvements under the

TI/YBI Subdivision Code (the “**Public Improvements**”) and the results of any inspection thereof to the Department of Public Works for its review and potential acceptance of such Public Improvements in accordance with the TI/YBI Subdivision Code and any applicable subdivision improvement agreement entered into by Developer and the City. The Authority shall use commercially reasonable efforts to cause the Department of Public Works to expeditiously review and the Board of Supervisors to accept such Public Improvements. The Parties acknowledge and agree that the Authority will forward all Architect’s Certificates for Vertical Improvements and the results of any inspection thereof to DBI for its review in accordance with applicable City Authorizations. The Authority will use commercially reasonable efforts to cause DBI to expeditiously review and Approve the Vertical Improvements.

9.2.6 Use of Public Improvements Prior to Certificate of Completion. The Parties acknowledge and agree that Developer shall not be obligated to allow use of any Public Improvements by any Person, including the Authority, any City Agencies, any other Governmental Entity or any Third Parties, prior to the acceptance of such Public Improvements by the City and the issuance of a Certificate of Completion for such Public Improvements by the Authority.

9.2.7 Certain Certificates of Completion. Issuance of a Certificate of Completion by the Authority may be conditioned upon the following:

- (a) for a Lot, on the Authority’s determination that such Lot is a Developable Lot;
- (b) for an Open Space Lot, on the Authority’s determination that such Open Space Lot is a Developable Lot and that Developer has Completed all surface Improvements for such Open Space Lot in accordance with the Parks and Open Space Plan, the Conceptual Parks and Open Space Master Plan and the applicable Major Phase and Sub-Phase Approvals;
- (c) for Public Improvements, on receipt of a certificate of completion from the City Engineer with respect to such Public Improvements delivered in accordance with any applicable subdivision improvement agreement; and
- (d) for Vertical Improvements, on receipt from the City’s Building Official of (i) with respect to a Residential Project, a Certificate of Occupancy and (ii) with respect to all other Vertical Improvements, a Temporary Certificate of Occupancy.

9.3 Substantial Completion. When (i) Developer reasonably believes that it has Substantially Completed Related Infrastructure, or a portion thereof, Unrelated Infrastructure, or a portion thereof, or the Required Improvements, or a portion thereof, (ii) Vertical Developer reasonably believes that it has Substantially Completed Vertical Improvements, or a portion thereof, or Transferable Infrastructure or a portion thereof, then such Person may request the Authority to determine that Substantial Completion of such Improvements has occurred; such request shall be accompanied by appropriate documentation to support such belief. Within sixty (60) days after the Authority’s receipt of such request, the Authority

shall take such actions as are reasonably necessary to reasonably determine whether such Improvements satisfy the applicable requirements for Substantial Completion set forth in the definition thereof and either issue to Developer or such Vertical Developer, as applicable, a notice of Substantial Completion of such Improvements or provide to Developer or such Vertical Developer a statement of the reasons for the failure to issue such notice. Any notice of disapproval shall set forth the basis for such disapproval and the reasonable acts or measures that must be taken by Developer or Vertical Developer, as applicable, to obtain such notice of Substantial Completion.

10. Terms for Conveyances to Developer.

10.1 General.

10.1.1 Fee Conveyances. Subject to receipt of applicable Sub-Phase Approvals and the terms of this DDA, including the satisfaction or waiver of the conditions set forth in Section 10.3, (a) the Authority shall convey to Developer, on a phased basis, certain real property owned or acquired by the Authority, as more particularly set forth in Section 3.7; and (b) Developer agrees to acquire such real property from the Authority, to cause Completion of the Infrastructure and sell Lots to Vertical Developers, all to the extent required under and consistent with this DDA for land that is not subject to the Public Trust. Any real property conveyance from the Authority to Developer under this DDA shall be by an Authority Quitclaim Deed.

10.1.2 Ground Lease Conveyances. Subject to the terms of this DDA, upon satisfaction or waiver of the conditions set forth in Section 10.3 and in accordance with the timing set forth in Section 17.2.1, (a) the Authority shall enter into an LDDA with Developer for Parcels B1, B2 and B3, and with Developer and a Vertical Developer for Parcels 2Y and any property located within the Senior Officer Quarters Historic District, which LDDA shall be substantially in the Approved LDDA Form, and (b) and Developer shall enter into a Ground Lease to complete the Vertical Improvements on Parcels B1, B2 and B3 and shall auction the rights to enter into a Ground Lease to Vertical Developers for Parcels 2Y and any property located within the Senior Officer Quarters Historic District, all to the extent required under and consistent with this DDA, including, without limitation, Articles 8 and 17.

10.1.3 Permit to Enter. For all Infrastructure and Required Improvements to be constructed by Developer on land owned by the Authority that has not been conveyed to Developer by Quitclaim Deed or Ground Lease, Authority shall enter into a Permit to Enter with Developer.

10.2 Escrow and Title.

10.2.1 Escrow. No later than sixty (60) days before the first scheduled conveyance from the Authority to Developer, Developer shall establish an escrow ("**Escrow**") in the City with the Title Company and shall promptly notify the Authority in writing of the Escrow number and contact person.

10.2.2 Title. The Authority agrees that it shall not cause to be created any exceptions to title other than exceptions created on behalf of or approved by Developer

("Authority's Title Covenant"). Promptly after Escrow opens, Developer shall cause the Title Company to deliver to the Authority and Developer preliminary title reports or commitments for title insurance for the property to be so conveyed, together with copies of all documents relating to title exceptions shown in the "Title Report" (collectively, a "**PTR Package**"). Other than exceptions existing at the time the Navy conveyed such property to the Authority (the "**Existing Navy Exceptions**") or created on behalf of Developer or with Developer's approval (which exceptions shall be deemed to include a Reversionary Quitclaim Deed delivered under Section 16.5 and deed restrictions required as part of a real property conveyance from the Navy, the Mitigation Measures or under the Housing Plan), Developer may object to any exceptions shown on the PTR Package that would materially and adversely affect Developer's ability to finance and use the real property as permitted under this DDA (excluding any Public Trust exception that will be removed in connection with a Public Trust Exchange). Developer must notify the Authority in writing of any such objection within twenty (20) days after Developer receives the complete PTR Package (the "**Title Objection Period**"). If Developer fails to so object within the twenty (20) day period, then all of the exceptions shown on the PTR Package will be deemed to be Permitted Exceptions. If Developer does so object within the twenty (20) day period, the Authority at its cost may, in its sole and absolute discretion, elect to remove or otherwise cause the Title Company not to show any exception to which Developer objected on the owner's title insurance policy to be issued to Developer at close of Escrow. If the Authority does so elect, it will notify Developer within thirty (30) days after receipt of Developer's objection. If the Authority elects not to remove the exception or fails to respond within the thirty (30) day period, then Developer shall have the right to (i) terminate this DDA as to the Lot or Lots affected by such exception, by notice to the Authority delivered within ten (10) days after Developer receives the Authority's notice that it has elected not to remove the exception or expiration of the thirty (30) day period, whichever occurs earlier, in which case the Authority can proceed to market the property to others without any cost reimbursement or other obligation to Developer except as provided in the Financing Plan, (ii) upon written notice provided to Authority within ten (10) days of Authority's election not to remove the exception or failure to respond, diligently proceed to take such actions necessary to remove the exception, which may include obtaining an endorsement insuring over such exception subject to such conditions and requirements imposed by Title Company (and so long as Developer is diligently proceeding with removal of the title exception, such delay in Close of Escrow shall be considered an event of Excusable Delay), or (iii) accept title to the real property subject to such exception. In any of the foregoing circumstances, if the title exception is a result of the Authority's breach of the Authority's Title Covenant, such breach shall be subject to the terms of Section 16.2.2(d). If Developer fails to so terminate or elect to cure within the ten (10) day period, then it shall be deemed to have elected to accept title as set forth in clause (iii) above. Exceptions that the Authority elects not to remove, or is deemed to have elected not to remove, and that Developer elects to accept, or is deemed to have accepted, will also be deemed to be Permitted Exceptions.

10.2.3 Quiet Title Action. The Authority, with Developer's cooperation and at Developer's cost, shall complete an action under the "**Destroyed Land Records Relief Law**" (California Code of Civil Procedure § 751.01 et seq., commonly referred to as the McEnerney Act) to remove any exception for claims by reason of the record title to the land not having been established and quieted under the provisions of the Destroyed Land Records

Relief Law that show on the PTR Package and to which Developer timely objected under Section 10.2.2 (the “**Quiet Title Action**”). In the event that Developer accepts title subject to exceptions that would be eliminated by such Quiet Title Action, the Authority, with Developer’s cooperation, shall complete the Quiet Title Action as soon as commercially reasonable and the Parties shall then undertake to cause the issuance of the title insurance prescribed above, or an amendment or endorsement, reflecting the elimination of such exceptions. At each close of Escrow, the Authority shall convey to Developer all of its right, title and interest to the property that is the subject of such close of Escrow by an Authority Quitclaim Deed or Ground Lease, as applicable, subject to the Authority’s rights under the Reversionary Quitclaim Deed.

10.2.4 Title Policy. It is a condition to Developer’s obligation to close Escrow on conveyances from the Authority to Developer that the Title Company shall be irrevocably committed to issue to Developer a CLTA owner’s title insurance policy (or at Developer’s option an ALTA owner’s title insurance policy), with such endorsements, reinsurance and direct access agreements as Developer shall reasonably designate and the Title Company shall accept. The title policy will be in an amount designated by Developer and acceptable to the Title Company, and will insure that fee title to the property at issue and all appurtenant easements are vested in Developer, subject only to the Permitted Exceptions. If Developer elects to obtain an ALTA owner’s policy, Developer shall be responsible for securing any and all surveys, engineering studies and other documents required to obtain an ALTA owner’s policy, in sufficient time to permit close of Escrow as required by this DDA.

10.2.5 New Title Matters. If after the Title Objection Period has expired a new title exception not shown on the PTR Package arises that would materially and adversely affect Developer’s use of the real property in question or the Project Site and that is not a Permitted Exception and is not caused by Developer or its Affiliates, then Developer may object to such new exception by notice to the Authority given within five (5) Business Days after Developer receives written notice from the Title Company of the new exception. If Developer fails to object within such period, then the new exception will be deemed to be a Permitted Exception. If Developer does object then the Authority may elect in the Authority’s sole and absolute discretion, at its cost, to remove any new exceptions created by the Authority that are not Permitted Exceptions before the close of Escrow, or to remove or otherwise cause the Title Company not to show any other new exception on the owner’s title insurance policy to be issued to Developer at close of Escrow. If the Authority does so elect, it will notify Developer within thirty (30) days after receipt of Developer’s objection. If such exception is caused by the Authority’s breach of the Authority’s Title Covenant set forth in Section 10.2.2 above, such breach shall be subject to the terms of Section 16.2.2(d) below. If the Authority elects not to remove the exception, or fails to respond within the thirty (30) day period, then Developer shall have the right to (i) terminate this DDA as to the affected property by notice to the Authority delivered within ten (10) days after Developer receives the Authority’s notice that it has elected not to remove the exception or expiration of the thirty (30) day period, whichever occurs earlier, in which case the Authority can proceed to market the property to others without any cost reimbursement or other obligation to Developer except as specifically provided in the Financing Plan, (ii) upon written notice provided to Authority within ten (10) days of Authority’s election not to remove the exception or failure to respond, diligently proceed to take such actions necessary to remove

the exception, which may include obtaining an endorsement insuring over such exception subject to such conditions and requirements imposed by Title Company (and so long as Developer is diligently proceeding with removal of the title exception, such delay in Close of Escrow shall be considered an event of Excusable Delay), (iii) accept title to the property in question subject to such exception. If Developer fails to so terminate or elect to cure within the ten (10) day period, then it shall be deemed to have elected clause (iii) above. Exceptions that the Authority elects not to remove, or is deemed to have elected not to remove, and that Developer elects to accept, or is deemed to have accepted, are also Permitted Exceptions.

10.3 Conditions Precedent to Close of Escrow for Real Property Conveyances from the Authority to Developer.

10.3.1 Developer Conditions to Close of Escrow or Enter Into LDDAs for Critical Commercial Parcels. The following are conditions precedent to Developer's obligation to close Escrow for the conveyance of real property from the Authority to Developer (or, with respect to the Critical Commercial Parcels on Trust Property, Developer's obligation to enter into an LDDA for the Critical Commercial Parcels), to the extent not expressly waived by Developer by notice to the Authority.

(a) The Authority shall have performed all obligations under this DDA required to be performed by the Authority on or before the date for close of Escrow for such property and that affect the development of the applicable property; and

(b) The Authority shall not be in Material Breach under this DDA.

10.3.2 Authority Conditions to Close of Escrow. The following are conditions precedent to the Authority's obligation to close Escrow for the conveyance of real property from the Authority (or, with respect to Trust Property, the Authority's obligation to enter into an LDDA and Ground Lease for the applicable Trust Property to the extent such condition precedent is applicable), to the extent not expressly waived by the Authority by notice to Developer:

(a) Developer shall have performed all obligations under this DDA and the Schedule of Performance required to be performed by Developer on or before the date for close of Escrow for such property, including, without limitation, (i) paying on behalf of the Authority all Navy Consideration and any other sums then due and owing from the Authority to the Navy under the Conveyance Agreement as and when due under the Conveyance Agreement as set forth in the Financing Plan, (ii) paying all Financial Obligations then due and owing from Developer to the Authority, (iii) providing a Corporate Guaranty or other form of Adequate Security covering Developer's obligations in the Sub-Phase as set forth in Section 26.4, and (iv) executing and delivering the Reversionary Quitclaim Deed and irrevocable instructions from Developer to the Title Company to the extent required by Section 16.5.

(b) unless previously Approved by the Authority, Developer shall have provided, and the Authority shall have Approved, a detailed construction cost estimate for the Infrastructure prepared by a cost estimator Approved by the Authority;

(c) all of the Authority's conditions to Commence the Infrastructure as set forth in Section 7.4 shall have been satisfied or waived by the Authority;

(d) Developer shall have furnished certificates of insurance or duplicate originals of insurance policies and/or insurance binders that will provide the required coverage effective as of the date of Developer's ownership, as and to the extent required under the Insurance Requirements;

(e) The Authority has approved the form of the Master Covenants, Conditions and Restrictions ("Master CC&Rs") or the document annexing the Sub-Phase to the property encumbered by the Master CC&Rs, as applicable, which Master CC&Rs must include the provisions identified on Exhibit __, attached hereto; and

(f) Developer shall not be in Material Breach of this DDA and the Authority shall not have delivered notice of an Event of Default by Developer, unless that Event of Default has been cured as set forth in Article 16.

10.3.3 Mutual Conditions to Close of Escrow. The following are conditions precedent to both Parties' obligations to close Escrow for each conveyance of real property from the Authority to Developer (or, with respect to the Critical Commercial Parcels, Developer's and the Authority's obligation to enter into an LDDA for the Critical Commercial Parcels to the extent such condition precedent is applicable), to the extent not expressly waived by both Developer and the Authority in writing (although the provisions of paragraphs (a) through (c) are not waivable):

(a) the Authority and State Lands shall have executed the Public Trust Exchange Agreement and the conditions in Article 6 regarding any applicable Public Trust Exchange have been met;

(b) the Authority and the Navy shall have executed the Conveyance Agreement;

(c) the City has approved, and the Authority with Developer's Approval has recorded, a Final Subdivision Map for the applicable property or has otherwise complied with the California Subdivision Map Act;

(d) this DDA shall not have terminated as to such real property;

(e) the Authority shall have fee title to the real property being conveyed;

(f) the Title Company shall be irrevocably committed to issue to Developer, upon Developer's payment of the premium, the title insurance required by Section 10.2.4 for the real property, although Developer may elect to take title subject to completion of the Quiet Title Action necessary to remove the exceptions subject to those actions, in which event the Authority and Developer will complete the Quiet Title Action as soon as commercially reasonable following close of Escrow;

(g) if not previously approved as part of a Major Phase Approval or Sub-Phase Approval, the Authority and Developer shall have agreed on the Minimum Bid Price for the Residential Auction Lots and the Non-Critical Commercial Lots within the real property to be conveyed and, if applicable, the Excess Land Appreciation Structure;

(h) in the event there are tenants or other occupants that are actually and lawfully occupying any portion of the property in the applicable Sub-Phase who are entitled under the Transition Rules and Regulations or by applicable law to relocation assistance, such tenants or occupants have been provided Transition Benefits to which they are entitled in accordance with the Transition Rules and Regulations or such applicable law (the "Transition Requirements").

10.4 Close of Escrow.

10.4.1 Closing Deliveries. At least fifteen (15) days before the date specified for close of Escrow for each real property conveyance from the Authority to Developer, each Party shall furnish the Title Company with appropriate Escrow instructions consistent with, and sufficient to implement the terms of this Article 10, and will contemporaneously furnish a copy of these instructions to the other Party. At least two (2) Business Days before the date specified for the applicable close of Escrow, each Party shall deposit into Escrow all documents and instruments it is obligated to deposit under this DDA, and at least one (1) Business Day before the date specified for close of Escrow, Developer shall deposit into Escrow all funds it is obligated to deposit under Section 10.4.3.

10.4.2 Conveyance of Title and Delivery of Possession. Provided that the conditions to the Authority's obligations and the conditions to Developer's obligations for the conveyance of the real property have been satisfied or expressly waived by the applicable Party, each as set forth herein, and the mutual conditions have been satisfied or mutually waived (subject to the limitation on waiver set forth in Section 10.3.3), the Authority shall convey to Developer, and Developer shall accept, the applicable real property at the close of Escrow.

10.4.3 Closing Costs and Prorations. Developer shall pay to the Title Company or the appropriate payee all title insurance premiums and endorsement charges, transfer taxes, recording charges and any and all Escrow fees in connection with each conveyance to Developer. Ad valorem taxes and assessments, if any, shall be prorated as of the applicable close of Escrow. Any such taxes and assessments, including supplemental taxes and escaped assessments, levied, assessed, or imposed for any period up to recordation of the Authority Quitclaim Deed or the Ground Lease, shall be borne by the Authority to the extent applicable.

10.4.4 Outside Closing Dates. Each of Developer and the Authority will use commercially reasonable efforts to satisfy the closing conditions set forth in Section 10.3 that are in its control, and will reasonably cooperate with the other Party (not including, unless otherwise required under this DDA, the expenditure of funds) to satisfy conditions that are in the other Party's control. The Authority in its sole and absolute discretion may terminate this DDA as to a particular Sub-Phase without cost or liability by notice to Developer if the

Conveyance Agreement has been terminated as to the particular Sub-Phase; provided, however, that to the extent that such termination is subject to arbitration or judicial challenge under the terms of the Conveyance Agreement, such termination has been upheld by an arbitrator and not appealed by Authority, or has been upheld by a court of competent jurisdiction and such decision is final, binding and non-appealable. Upon such termination, the Parties shall have no further rights or obligations to each other under this DDA, except for rights and obligations that are expressly stated to survive termination of this DDA.

10.5 Post-Closing Boundary Adjustments. The Parties acknowledge that as development of the Project Site advances, the description of each parcel of real property may require further refinements, which may require minor boundary adjustments between the Authority Housing Lots or other property the Authority owns (or acquires as contemplated herein) and parcels conveyed to Developer. The Parties agree to cooperate in effecting any such boundary adjustments required, consistent with this DDA and the Vertical DDA. The Authority and Developer shall include this provision in all agreements with Vertical Developers, TIHDI and Qualified Housing Developers, requiring such parties to cooperate with Developer and the Authority in such boundary adjustments.

10.6 Title Clearance. If the title policy issued to Developer upon the close of Escrow contains exceptions that would adversely affect the development of the real property or the Completion of the Infrastructure as required under this DDA, and such exceptions may be removed by means of a Quiet Title Action or street vacation, then the Parties agree to take reasonable actions to eliminate such exceptions, at Developer's sole cost, by means of Quiet Title Action or a supplemental street vacation ordinance.

10.7 Conditions Precedent for Transfers of Lots to Vertical Developers. The following are conditions precedent to Developer's right to convey Lots to Vertical Developers (including entering into LDDAs for Lots located on Public Trust property to the extent the condition is applicable), unless waived by the Authority Director, although the provisions of paragraphs (a), (d) and (e) shall not be waivable):

(a) the Authority Director shall have Approved the Vertical DDA/LDDA to be executed by Developer, the Authority and Vertical Developer, together with any agreements or documents required by this DDA to be incorporated in the Vertical DDA/LDDA, in accordance with Article 4; provided, however, that Authority Director shall not disapprove any Vertical DDA/LDDA that is substantially in the form of the Vertical DDA/LDDA Form and in compliance with this DDA, including Section 4.1, and all applicable exhibits attached hereto;

(b) Developer shall have satisfied the then current obligations under this DDA and the Schedule of Performance, including the Financing Plan, Housing Plan and the Community Facilities Plan for the Lot;

(c) Developer shall have recorded the Master CC&Rs against the Lot, which shall be in the form Approved by the Authority in accordance with Section 10.3.2(e).

(d) If Developer is in Material Breach under this DDA, Developer shall have complied with the terms and conditions of Section 4.1 hereof;

(e) for the Transfer of any Lot under Section 17.2 or 17.3, Authority and Developer have complied with the procedures under Sections 17.4 and 17.5; and

(f) Developer shall have recorded in the Official Records a Final Subdivision Map covering the Lot.

11. Property Condition.

11.1 As Is.

11.1.1 The Parties acknowledge that the Authority will receive the Project Site in phases by quitclaim deeds from the Navy under the Conveyance Agreement. Subject to the provisions of Article 10, the Authority shall convey any and all property to be conveyed by the Authority to Developer under this DDA strictly in its "as is, where is" condition with all faults and defects and neither party shall take any actions that materially exacerbate the environmental condition of such property between the date the Navy conveys to the Authority and the date the Authority conveys to Developer. Subject to the provisions of Article 10, Developer agrees to accept the Project Site in its condition at the close of Escrow, acknowledges that notwithstanding anything to the contrary in Article 6 the Authority makes no express or implied representation or warranty as to the condition or title of any real property to be conveyed by the Authority to Developer under this DDA and acknowledges that all necessary physical and title due diligence shall be performed by Developer in accordance with this DDA.

11.1.2 Developer has been given the opportunity to investigate the Project Site fully, using experts of its own choosing, and the Authority shall continue to give Developer such opportunity under a Permit to Enter, with such reasonable conditions as the Authority may impose for any testing. In connection with such investigations, the Authority, at no cost to the Authority that does not constitute an Authority Cost, shall cooperate reasonably with Developer and shall afford Developer access, upon not less than five (5) days' prior notice to the Authority, and otherwise at all reasonable times, to such non-privileged books and records as the Authority shall have in its possession or control relating to the prior use and/or ownership of the Project Site.

11.1.3 Developer acknowledges that no City Party has made any representation or warranty, express or implied, with respect to the Project Site, and Developer expressly releases the City Parties from all Losses (as defined in Section 22.1 below) arising out of or relating to the condition of any improvements, the size, suitability or fitness of the land, the existence of Hazardous Substances, compliance with any Environmental Laws, or otherwise affecting or relating to the condition, development, use, value, occupancy or enjoyment of the Project Site, excluding any Losses arising from any Release of a Hazardous Substance to the extent that it is caused, contributed to or exacerbated by a City Party. Nothing in this Agreement shall be construed as a release by Developer of any claims against the United States for any Losses, including without limitation any Losses arising from the Navy's violation of an Environmental Law or its failure to comply with a requirement of the Conveyance Agreement or the Federal Facilities Site Remediation Agreement. Developer expressly understands that the portions of the

Project Site conveyed by the Authority to Developer are being conveyed strictly in their "as is, where is" condition with all faults and defects. The provisions of this Section 11.1.3 shall survive the close of Escrow.

Developer acknowledges that it is familiar with section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Developer waives and relinquishes any right or benefit that it has or may have under section 1542 of the California Civil Code or any similar or successor provision of law pertaining to the foregoing release.

11.1.4 After the close of Escrow, Developer shall comply with all provisions of Environmental Laws applicable to the real property conveyed to Developer, although Developer shall only be obligated to perform Environmental Remediation as follows:

(a) except as provided in paragraph (b) below, Developer shall perform all Environmental Remediation that may be required under any Environmental Law or this DDA, during the time of Developer's ownership, the cost of which shall be deemed a Project Cost, subject to the applicable limitations set forth in the Financing Plan; and

(b) Notwithstanding any other provision of this Agreement, Developer shall have no obligation to perform any Environmental Remediation that is the Navy's responsibility under the Conveyance Agreement, the Federal Facilities Site Remediation Agreement, or applicable Law.

11.1.5 Except as set provided in Section 11.1.4(b), Developer shall perform such Environmental Remediation as may be required to perform its obligations under this DDA in accordance with the Schedule of Performance, the Infrastructure Plan, the Housing Plan, the Parks and Open Space Plan, the Sustainability Plan, the Community Facilities Plan, the Transportation Plan and the Phasing Plan.

11.1.6 The Authority releases Developer, its partners, Affiliates and owners, and the officers, partners, agents, employees and members of each of them (each, a "**Developer Party**"), for any Losses suffered by the Authority relating to (i) the Navy's violation of any Environmental Law or the Navy's failure to comply with a requirement of the Conveyance Agreement or the Federal Facilities Site Remediation Agreement, or (ii) any Release of a Hazardous Substance, or any pollution, contamination or Hazardous Substance-related nuisance on, under or from the Project Site, or any other physical condition on the Project Site, to the extent the Release, pollution, contamination, nuisance or physical condition occurred or existed before the conveyance of such property to Developer; provided, however, that this release does not extend to Losses caused by: (A) any Release of

a Hazardous Substance to the extent that it is caused, contributed to or exacerbated by a Developer Party or (B) breach of obligations assumed by a Developer Party under any agreement (including this DDA) under which the Developer Party assumes responsibility for any Environmental Remediation. The Authority reserves its rights to enforce Developer's obligations under this DDA and any and all of the foregoing agreements and to take such additional actions as may be set forth in such agreements.

The Authority acknowledges that it is familiar with section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Authority waives and relinquishes any right or benefit that it has or may have under section 1542 of the California Civil Code or any similar or successor provision of law pertaining to the foregoing release.

11.2 Hazardous Substance Indemnification.

11.2.1 In addition to the Indemnifications set forth in Section 22, Developer shall Indemnify the City Parties from and against any and all Losses incurred by or asserted against any City Party in connection with, arising out of, or in response to, or in any manner relating to:

- (a) Developer's breach of any obligation under this DDA with respect to Hazardous Substances;
- (b) Developer's violation of any Environmental Law on or relative to the Project Site;
- (c) a City Party's indemnification of the State under the Public Trust Agreement Exchange Agreement for the environmental condition of certain land conveyed to the State; provided that if this DDA is terminated for any reason, Developer's Indemnification under this clause (c) with respect to any real property for which Developer did not obtain a Sub-Phase Approval shall terminate on the earlier of (i) the date that the Authority enters into a new disposition and development agreement or similar agreement with a developer that covers the applicable real property, and (ii) four (4) years following the date of termination of this DDA with respect to such real property;
- (d) any Release or threatened Release of a Hazardous Substance, or any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from real property at the Project Site (including any Public Property) to the extent the Release, threatened Release, condition, contamination or nuisance commenced or was created during the period of Developer's ownership of such real property or was caused, contributed to, or

exacerbated by Developer or others for whom Developer is responsible; provided, that this clause (d) shall not apply as to a City Party to the extent such violation, Release, threatened Release, condition, contamination or nuisance commenced or was created by or caused, contributed to or exacerbated by a City Party.

In addition, notwithstanding the termination language in clause (c) of the foregoing sentence, Developer's Indemnification under this Section 11.2.1 shall not terminate (x) with respect to the real property for which Developer obtained a Sub-Phase Approval or (y) to the extent the indemnification obligation is covered under clauses (a), (b), or (d) of this Section 11.2.1. Subject to the foregoing, Developer's obligations under this Section 11.2.1 shall: (1) apply regardless of the availability of insurance proceeds; and (2) survive the expiration or other termination of this DDA and the Authority's issuance of the Certificate of Completion for all of the Infrastructure related to such Lot.

However, if it is reasonable to assert that a claim for Indemnification under this Section 11.2.1 is covered by a pollution liability insurance policy or the indemnification provisions of section 330 of the Fiscal Year 1993 National Defense Authorization Act (P.Law 102-484), pursuant to which the Authority and/or such City Party is an insured party or a potential claimant, then the Authority shall reasonably cooperate with Developer in asserting a claim or claims under such insurance policy or indemnity but without waiving any of its rights under this Section 11.2.1. Developer specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City Parties from any claim that may reasonably fall or is otherwise determined to fall within the indemnification provision of this Section 11.2.1, even if the allegations are or may be groundless, false or fraudulent. Developer's obligation to defend under this Section 11.2.1 shall arise at the time such claim is tendered to Developer and shall continue at all times thereafter.

11.2.2 In addition to the Indemnifications set forth in Section 22, Vertical Developers shall each Indemnify the City Parties from and against any and all Losses incurred by or asserted against any City Party in connection with, arising out of, in response to, or in any manner relating to (i) such Vertical Developer's violation of any Environmental Law on or relative to the Project Site or (ii) any Release or threatened Release of a Hazardous Substance, or any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from real property at the Project Site (including any Public Property) to the extent the Release, threatened Release, condition, contamination or nuisance occurred during the period of such Vertical Developer's ownership thereof or was caused, contributed to, or exacerbated by such Vertical Developer or others for whom such Vertical Developer is responsible, except, as to a City Party, to the extent such violation, Release, threatened Release, condition, contamination or nuisance was caused, contributed to or exacerbated by a City Party. A Vertical Developer's obligations under this Section 11.2.2 shall (1) apply regardless of the availability of insurance proceeds and (2) survive the expiration or termination of this DDA and the Authority's issuance of the Certificate of Completion for all of the Vertical Improvements for such Vertical Developer. However, if it is reasonable to assert that a claim for Indemnification under this Section 11.2.1 is covered by a pollution liability insurance policy or the indemnification provisions of section 330 of the Fiscal Year 1993 National Defense Authorization Act (P.Law 102-484), under which the Authority and/or such other City Party is an insured party or a potential claimant, then the

Authority shall reasonably cooperate with Vertical Developer in asserting a claim or claims under such insurance policy but without waiving any of its rights under this Section 11.2.1. Each Vertical Developer shall specifically acknowledge and agree that it has an immediate and independent obligation to defend the City Parties from any claim that may reasonably fall or is otherwise determined to fall within the indemnification provision of this Section 11.2.2, even if allegations are or may be groundless, false or fraudulent. A Vertical Developer's obligation to defend shall arise at the time such claim is tendered to such Vertical Developer and shall continue at all times thereafter.

11.2.3 The term "**Hazardous Substance**" means any material, waste, chemical, compound, substance, mixture, or byproduct that is identified, defined, designated, listed, restricted or otherwise regulated under Environmental Laws as a "hazardous constituent", "hazardous substance", "hazardous waste constituent", "infectious waste", "medical waste", "biohazardous waste", "extremely hazardous waste", "pollutant", "toxic pollutant", or "contaminant", or any other designation intended to classify substances by reason of properties that are deleterious to the environment, natural resources, wildlife or human health or safety, including, without limitation, ignitability, infectiousness, corrosiveness, radioactivity, carcinogenicity, toxicity and reproductive toxicity. Hazardous Substance includes, without limitation, any form of natural gas, petroleum products or any fraction thereof, asbestos, asbestos-containing materials, polychlorinated biphenyls ("PCBs"), PCB-containing materials, and any substance that, due to its characteristics or interaction with one or more other materials, wastes, chemicals, compounds, substances, mixtures or byproducts, damages or threatens to damage the environment, natural resources, wildlife or human health or safety.

11.2.4 The term "**Environmental Laws**" includes all present and future federal, State and local laws, statutes, rules, regulations, ordinances, standards, directives, and conditions of approval, all administrative or judicial orders or decrees and all permits, license approvals or other entitlements, or rules of common law pertaining to Hazardous Substances, the protection of the environment, natural resources, wildlife, human health or safety, or employee safety or community right-to-know requirements related to the work being performed under this DDA or a Vertical DDA.

11.2.5 The term "**Release**" means any accidental or intentional spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the air, soil gas, land, surface water, groundwater or environment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Hazardous Substance). The term includes a threatened "Release" but does not include any passive migration of a Hazardous Substance through the air, soil gas, land, surface water or ground water after the Hazardous Substance has been previously spilled, leaked, pumped, poured, emitted, discharged, injected, escaped, leached, dumped or disposed into the air, soil, gas, land, surface water or groundwater.

11.3 Environmental Insurance. We discussed but did not agree whether the Developer's insurance obligation extended beyond [lots for which it would not take title] the Parties shall obtain, at Developer's sole cost, pollution legal liability insurance as specified in the Insurance Requirements, except to the extent insurance meeting such specifications

cannot be obtained for a commercially reasonable premium. The Authority and Developer each will use commercially reasonable efforts to obtain the environmental insurance policy proceeds when applicable, and will reasonably cooperate with each other in connection with pursuing claims under the policies.

11.4 Damage and Destruction. From and after the Effective Date, Developer shall assume all risk of damage to or destruction of real property to be conveyed to Developer under this DDA, subject to the terms of this Section 11.4. Since Developer plans to develop the Project Site, any existing improvements that are not required by a Major Phase Approval to remain do not have significant value for Developer, and therefore damage to or destruction of such improvements will not affect the Parties' rights and obligations under this DDA, which will continue in full force and effect without any modification except as set forth below. If permitted by applicable law, the Authority shall assign to Developer at close of Escrow any and all unexpended insurance proceeds and any uncollected claims and rights under insurance policies covering such damage or destruction, if any. But, if solely as a result of an earthquake, flood, other act of God or other casualty event outside of Developer's reasonable control occurring after the Effective Date but before close of Escrow for the real property in a Sub-Phase, the estimated cost to construct the Infrastructure for the Sub-Phase, net of any available insurance proceeds, exceeds Developer's then current construction cost estimates (without reference to the damage or destruction) by more than twenty percent (20%), Developer shall have the right, as its sole remedy, to terminate this DDA as to the Sub-Phase in question by notice to the Authority; provided, however, that prior to termination, Developer may deliver a Requested Change Notice to the Authority in accordance with Section 3.8.2. In addition, if an earthquake or other event referenced above occurs, Developer will arrange with commercially reasonable promptness, in light of the circumstances, to have an updated construction cost estimate for the Infrastructure for such Sub-Phase, and applicable Major Phase, prepared by a construction cost estimator Approved by the Authority Director. The updated construction cost estimate will reflect any additional costs caused by the earthquake or other event referenced above, and the estimator shall be instructed to deliver copies of its estimate to Developer and the Authority, each of whom will confirm receipt by notice to the other. If the updated construction cost estimate exceeds Developer's most recent prior construction cost estimate by at least the percentage specified above, then Developer may terminate this DDA for the real property in question by notice to the Authority within one hundred twenty (120) days after receipt of the updated estimate. If the updated estimate does not exceed the prior construction cost estimate by such percentage, Developer does not elect to terminate, or Developer fails to respond within such within one hundred twenty (120) day period, the Parties' rights and obligations under this DDA will not be affected and this DDA shall continue in full force and effect without regard to such damage or destruction, provided, that Developer and the Authority shall reasonably revise the Schedule of Performance to reflect any additional time Developer may need to make adjustments to the Infrastructure or other plans for the applicable property. The Authority will have no obligation to repair any improvements on the Project Site or have any liability for their damage or destruction, however caused.

11.5 Proportionality. If Developer's proposed termination of a Sub-Phase under Section 11.4 would result in a violation of the proportionality principle set forth in Section 1.7, as reasonably determined by the Authority Director, then the Authority Director

shall so notify Developer and the Parties shall negotiate in good faith for a proposed resolution that maintains the benefit of the bargain for both Parties. The period of such good faith negotiations shall be Administrative Delay. If the Parties are unable to reach agreement within one hundred twenty (120) days after Developer's receipt of the Authority's notice, then either Developer or the Authority may submit the matter to arbitration under Section 15.2.

11.6 **Deed Restrictions.** The Parties anticipate that the environmental remedies selected by the Navy in Final Records of Decision for certain real property in the Project Site will require the imposition of land use and activity restrictions on such property. Such land use restrictions will be contained in quitclaim deeds from the Navy for such property or in other enforceable restrictions imposed on such property.

12. **Amendments to Redevelopment Documents.** Except as may be required by a Conflicting Law, the Authority shall not approve, recommend, or forward to the Board of Supervisors or any City Agency or Governmental Entity for approval any termination of or amendment, supplement, or addition to any component of the Redevelopment Documents (an "**Amendment Action**") unless consistent with this Section 12.

12.1 **Before Issuance of the Last Certificate of Completion.** Before issuance of the last Certificate of Completion for the Project (including all Horizontal and Vertical Improvements contemplated under this DDA as of the Reference Date or Approved by the Authority at any time thereafter), the Authority may only take an Amendment Action without Developer's Consent if such Amendment Action would not:

- (a) modify the exterior boundaries of the Project Site;
- (b) alter or change any land uses, including permitted or conditional uses, of the Project Site from that permitted under this Agreement, the Redevelopment Documents and the Project Approvals as of the Effective Date;
- (c) limit or reduce the height or bulk of the Project, or any portion thereof, or otherwise require any reduction in the height or bulk of individual proposed buildings or other improvements from that permitted under this Agreement, the Redevelopment Documents and the Project Approvals as of the Effective Date;
- (d) limit or reduce the density or intensity of the Project, or any portion thereof, or otherwise require any reduction in the square footage or number of Entitled Units, proposed buildings, or other improvements from that permitted under this Agreement, the Redevelopment Documents and the Project Approvals as of the Effective Date;
- (e) limit or control the availability of public utilities, services or facilities or any privileges or right to public utilities, services, facilities or Infrastructure for the Project, including but not limited to water rights, water connection, sewage capacity rights, and sewer connections;

(f) except as otherwise provided herein, in any manner control, delay or limit the rate, timing, phasing or sequencing of the approval, development or construction of all or part of the Project as provided in this Agreement;

(g) increase any development fees, subsidies, or other monetary or other exaction including in-kind contributions, imposed by the Authority on the Project pursuant to its authority under the Redevelopment Documents and this Agreement or any requirement for the provision of land for construction of public facilities or Infrastructure or any requirement to provide or contribute to any public amenity or services other than as expressly permitted under this Agreement, the Redevelopment Documents and the Project Approvals as of the Effective Date;

(h) preclude or materially increase the cost of performance of or compliance with any provisions of the applicable Redevelopment Documents as those provisions are in effect as of the Effective Date;

(i) Conflict with or materially increase the obligations of Developer, any Vertical Developer or their contractors under any Equal Opportunity Program, Workforce Hiring Program or other agreement addressing construction or operations hiring adopted in connection with the Redevelopment Plan, this Agreement or any Vertical DDA/LDDA as of the Effective Date;

(j) change or modify the boundaries of the portions of the Project Site subject to the Public Trust (other than minor boundary adjustments contemplated under the Public Trust Exchange Agreement).

12.2 Following Issuance of the Last Certificate of Completion. Following issuance of the last Certificate of Completion for the Project (including all Improvements contemplated under this DDA as of the Reference Date or at any time thereafter) within the Project Site, the Authority may take an Amendment Action without Developer's Consent if the Amendment Action would not (i) alter the permitted use or increase the current restrictions on the reconstruction of the same following damage or destruction of the same, (iii) decrease the maximum height of any building, (iii) decrease the density or intensity of the development permitted, (iv) expand or increase Development Fees or Exactions except as permitted under section 2 of the Development Agreement, (v) have the effect of materially increasing or adversely affecting any obligations of Developer or any Vertical Developer under this DDA remaining after the issuance of a Certificate of Completion or (vi) reduce the number of Entitled Units or buildings in the Project Site. The provisions of this Section 12.2 shall survive the termination of this DDA.

12.3 Prior to Completion of Reimbursements under Financing Plan or Acquisition and Reimbursement Agreement. So long as the Authority has any outstanding obligations to Developer under the Financing Plan or any Acquisition and Reimbursement Agreement, the Authority may not without Developer's Consent take an Amendment Action that would adversely affect in any material respect (i) the continuing rights and obligations of Developer under this DDA, (ii) the Authority's ability to satisfy its obligations to Developer under this DDA or any Acquisition and Reimbursement Agreement or (iii) the amount or timing of any

payments due to Developer from the Funding Sources under this DDA (including the Financing Plan) or any Acquisition and Reimbursement Agreement.

12.4 Developer's Consent. As used in this Article 12, "Developer's Consent" means the prior written consent of Treasure Island Community Development, LLC, except to the extent that the right to provide such consent (i) has been Transferred under Section 21.3, in which case Developer's Consent shall mean the prior written consent of the applicable Transferee, or (ii) has been pledged to a Mortgagee, in which case Developer's Consent shall also mean the prior written consent of the Mortgagee to the extent the Mortgage documentation so requires or (iii) has been granted to a Vertical Developer under a Vertical DDA/LDDA, in which case Developer's Consent shall mean the prior written consent of the applicable Vertical Developer; provided, that Developer's Consent shall only apply to a Party if that Party is affected by the proposed Amendment Action. Any Person entitled to give Developer's Consent shall have the right to grant or deny such consent in its sole discretion. Developer's Consent shall not be required of a Person that is then in Material Breach or has committed an Event of Default unless and until the Material Breach or Event of Default has been cured.

12.5 Notice Regarding Amendment Action. At least fifteen (15) Business Days before proposing or taking any Amendment Action, the Authority shall provide notice of such Amendment Action to Developer and each Vertical Developer, including the text of any such Amendment Action.

13. Compliance with Plans

Developer and the Authority shall each at all times comply with the applicable provisions of the following Plans, which are attached hereto and incorporated herein by this reference:

13.1.1 the Financing Plan

13.1.2 the Housing Plan;

13.1.3 the Community Facilities Plan;

13.1.4 the Parks and Open Space Plan (including the provisions of the Habitat Management Plan incorporated therein);

13.1.5 the Transportation Plan;

13.1.6 the Infrastructure Plan; and

13.1.7 the Sustainability Plan.

13.2 Authority Policies. Developer, the Authority and, to the extent required in its Vertical DDA/LDDA, each Vertical Developer, shall at all times comply with the applicable provisions of the rules, regulations and official policies of the Authority that are applicable to and govern the overall design, construction, fees, use or other aspect of development of the Project Site, each of which may, subject to the restrictions set forth in Section 12 above, be

revised from time to time by the Authority upon notice thereof to Developer and any affected Vertical Developer (such policies, as so revised from time to time, the “**Authority Policies**”).

13.3 **Relocation Plans.** The Authority shall consult with the Developer regarding, and the Authority and Developer shall cooperate in effecting, any relocations required pursuant to the Transition Requirements in an efficient manner and in accordance with relocation plans prepared by Developer and Approved by the Authority, including but not limited to the Transition Rules and Regulations. Notwithstanding the foregoing, any and all relocation obligations shall be performed and satisfied in accordance with applicable law.

14. **[Reserved]**

15. **Resolution of Certain Disputes.**

15.1 **Arbitration Matters and Expedited Issues.**

15.1.1 Each of the following is an “**Arbitration Matter**” following notice from one Party to another Party that a dispute exists as to such matter: (i) disapproval by the Authority of Construction Documents, but not the failure of the Authority to grant a Certificate of Completion (and any consent necessary from the Department of Public Works shall not be governed by this DDA); (ii) the Parties’ failure to reach agreement under Section 11.5 [Proportionality]; (iii) the failure of the Authority Director to Approve a Vertical DDA or Vertical LDDA; (iv) disputes under Articles 17 [Sale of Lots], Article 24 [Excusable Delay]; (v) the sufficiency of Adequate Security provided under Article 26, but not any disputes regarding the right to call or act upon Adequate Security or the failure of an obligor of Adequate Security to perform its obligations under the Adequate Security; (vi) disputes related to the Redesign Work Program and Costs described in Section 6.2.5; and (vii) disputes under provisions set forth in Exhibits to this DDA that call for or permit arbitration.

15.1.2 Each of the following is an “**Expedited Arbitration Matter**” following notice from on Party to another Party that a dispute exists as to such matter: (i) Major Phase Decisions; (ii) proposed amendments to appraisal instructions (pursuant to Section 17.3.1); (iii) proposed additions or subtractions to the Qualified Appraiser Pool (pursuant to Section 17.4.1); or (iv) proposed additions or subtractions to the Pre-Approved Arbiters List (pursuant to Section 15.3.1).

15.1.3 Any other provision of this Agreement notwithstanding, (i) Expedited Arbitration Matters shall be resolved by binding arbitration in accordance with the expedited dispute resolution procedure set forth in Section 15.3.2, (ii) Arbitration Matters shall be resolved by non-binding arbitration in accordance with the non-binding arbitration procedures set forth in Section 15.3.3, and (iii) such other disputes under this Agreement shall be resolved either by non-binding arbitration in accordance with the non-binding arbitration procedures set forth in Section 15.3.3 if the Parties mutually agree, or barring such mutual agreement as to a particular other dispute, in accordance with this Agreement and all applicable laws.

15.2 Good Faith Meet and Confer Requirement.

15.2.1 With respect to any dispute regarding an Arbitration Matter or an Expedited Arbitration Matter, the Parties shall make a good faith effort to resolve the dispute prior to submitting the dispute to arbitration arbitration. Within five (5) business days after a request to confer regarding an identified matter, representatives of the Parties who, if permissible, are vested with decision-making authority shall meet to resolve the dispute. If the Parties are unable to resolve the dispute at the meeting (or such longer time as each Party may agree each in its sole discretion), the matter shall immediately be submitted to the expedited dispute resolution process set forth in Section 15.3.2 for Expedited Arbitration Matters and the general dispute resolution process set forth in Section 15.3.3 for Arbitration Matters.

15.2.2 With respect to any other dispute arising hereunder this DDA, the Parties shall make a good faith effort to resolve the dispute in the most expeditious manner possible. Within five (5) business days after receipt of the notice of dispute, representatives of the affected Parties shall meet to resolve the dispute. If the Parties are unable to resolve the dispute in good faith within ten (10) business days after receipt of the notice of dispute, the Parties shall either agree within ten (10) business days after receipt of the notice of dispute to proceed with the non-binding arbitration procedures set forth in Section 15.3.3, or barring such agreement, either Party may proceed unilaterally as permitted by this Agreement or by law.

15.3 Dispute Resolution Procedures.

15.3.1 Arbiters. The arbitrator ("Arbiter") of Arbitration Matters and Expedited Arbitration Matters will be selected by mutual agreement of the parties to be determined no later than thirty (30) days prior to the Initial Closing under the Conveyance Agreement from a list of pre-approved Arbiters attached hereto as Exhibit __ (the "Pre-Approved Arbiters List"). The Arbiter will hear all disputes under this Agreement unless the Arbiter is not available to meet the time schedule set forth herein, in which case the Parties may agree to direct the dispute to another Arbiter on the Pre-Approved Arbiters List. If none of the Arbiters listed is able or willing to serve, the parties shall mutually agree on the selection of an Arbiter to serve for the purposes of this dispute. The Arbiter appointed must meet the Arbiters' Qualifications. The "Arbiters' Qualifications" shall be defined as at least ten (10) years experience in a real property professional capacity, such as a real estate appraiser, broker, real estate economist, or attorney, in the Bay Area. The Parties shall review the Pre-Approved Arbiters List on an annual basis, determine the continued availability and willingness to serve of each Arbiter, and may at that time or from time to time, seek to add or subtract arbiters from the Pre-Approved Arbiter List, by notice in writing to the other Party. Any such notice will be accompanied by supporting documentation of the new proposed Arbiter's qualifications or with the reasons for seeking to remove an Arbiter from the Pre-Approved Arbiters List, as applicable. The other Party shall have fifteen (15) business days to respond in writing to such request, and failure to respond shall be deemed consent so long as the notice shall include a statement providing that the failure to respond in such fifteen (15) business day period shall be deemed consent. If the other Party objects, the Parties shall confer pursuant to Section 15.2.2 and thereafter such disputes (if still unresolved

after conferring) shall be referred to arbitration pursuant to Section 15.3.2. Notwithstanding the foregoing, if based upon the annual review or at any time during the Term, the Parties become aware that an Arbiter has become unavailable to serve in any prospective Arbitration or has expressed an unwillingness to continue to serve, the Parties shall replace that Arbiter with a new Arbiter mutually agreed-upon by the Parties.

15.3.2 Expedited Dispute Resolution Procedure. The Party(ies) disputing any Expedited Arbitration Matter shall, within five (5) business days after submittal of the dispute to arbitration, submit a brief with all supporting evidence to the Arbiter with copies to all Parties. Evidence may include, but is not limited to, expert or consultant opinions, any form of graphic evidence, including photos, maps or graphs and any other evidence the Parties may choose to submit in their discretion to assist the Arbiter in resolving the dispute. In either case, any interested Party may submit an additional brief within three (3) business days after distribution of the initial brief. The Arbiter thereafter shall hold a telephonic hearing and issue a decision in the matter promptly, but in any event within ten (10) business days after the initiation of the arbitration, unless the Arbiter determines that further briefing is necessary, in which case the additional brief(s) addressing only those items or issues identified by the Arbiter shall be submitted to the Arbiter (with copies to all Parties) within five (5) business days after the Arbiter's request, and thereafter the Arbiter shall hold a telephonic hearing and issue a decision promptly but in any event within two (2) business days after the submission of such additional briefs, and no later than seventeen (17) business days after the initiation of the arbitration. The decision of the Arbiter will be final, binding on the Parties and non-appealable.

15.3.3 Non-Binding Arbitration Process for Other Disputes.

(a) Election to Participate in Non-Binding Arbitration. For Arbitration Matters and other disputes under this DDA that the parties agree to arbitrate in accordance with Section 15.2.2, the Parties shall submit the dispute to non-binding arbitration by notifying the Arbiter (selected as described in Section 15.3.1) of the dispute within ten (10) business days after expiration of the good faith meet and confer provisions of Section 15.2. Thereafter, within ten (10) business days, each Party to the dispute shall submit to the Arbiter and serve on the other Party to the non-binding arbitration a short statement of the dispute and a proposed discovery and hearing schedule.

(b) Preliminary Hearing. Within twenty (20) business days after notice of the election to participate in non-binding arbitration, the Arbiter shall conduct, either telephonically or in-person, a preliminary hearing. At the preliminary hearing the Arbiter shall decide discovery and briefing issues and set dates, including a hearing date. In resolving discovery issues, the Arbiter shall consider expediency, cost effectiveness, fairness, and the needs of the Parties for adequate information with respect to the dispute.

(c) Retention of Consultants. The Parties by mutual agreement may retain consultants to assist the Arbiter in the course of Arbitration, if requested by the Arbiter. In his or her request, the Arbiter shall provide to all Parties to the dispute an explanation for the need for the consultant, the consultant's identity, hourly rate, and the estimated costs of the service. All Parties to the dispute must approve the retention of the consultant and, if retention

of the consultant is approved, how the Parties will share the cost of the consultant. The consultant's cost shall not exceed \$10,000 without the prior written consent of the Parties to the dispute.

(d) Commencement of Non-Binding Arbitration. The non-binding arbitration hearing shall commence no later than sixty (60) days after the initial preliminary hearing, unless the Parties to the dispute mutually agree to extend the date or the Arbitrator extends the date.

(e) Additional Procedural Requirements. The procedural rules of the non-binding arbitration under Section 15.3.3 shall be supplemented by any non-conflicting non-binding arbitration procedures of other alternative dispute resolution providers as may be mutually agreed upon by the Parties from time to time, applicable to commercial non-binding arbitration, and may be modified by agreement of the Parties.

(f) Decision of Arbitrator. The Arbitrator shall make a written non-binding advisory decision, specifying the reasons for the decision, within twenty (20) calendar days after the hearing. Each Party will give due consideration to the Arbitrator's decision prior to pursuing further legal action, which decision to pursue further legal action shall be made in each Party's sole and absolute discretion.

(g) Time Period to Complete Non-binding Arbitration. The non-binding arbitration shall be completed within eighty (80) calendar days of the preliminary hearing, unless the parties to the dispute mutually agree to extend the date or the Arbitrator extends the date.

15.3.4 Additional Provisions Governing Non-binding Arbitration of Disputes.

(a) Disputes Involving Arbitrability of Disputes. The Arbitrator shall decide any dispute involving either the right to have a disputed matter submitted to non-binding arbitration or whether the matter is properly the subject of the expedited dispute resolution procedure pursuant to Section 15.3.2. The Parties to such dispute shall provide notice of the dispute and submit in writing their respective positions regarding the dispute to the Arbitrator. No such submission shall exceed ten double spaced pages. The Arbitrator shall make his or her decision within five (5) days of the last submission.

(b) No Res Judicata or Collateral Estoppel Effect. Any determination or finding of any non-binding arbitration conducted pursuant to this Article shall not have any res judicata or collateral estoppel effect in any other non-binding arbitration conducted pursuant to this Article, or in any other action commenced by any person(s) or entity(ies) whomsoever in state or federal court, whether or not Parties to this Agreement.

(c) No Ex Parte Communications. No Party or anyone acting on its behalf shall have any ex parte communication with the Arbitrator with regard to any matters in issue. Communications concerning procedural matters such as scheduling shall not be included in this prohibition.

(d) Submission. Unless otherwise directed by the Arbitrator or agreed by the Parties to a given dispute, the Parties involved in the dispute shall strive to make joint submissions to the Arbitrator. The Arbitrator shall determine the schedule for the Parties' submissions, the page and form limitations for the submissions, and the schedule and form of any hearing(s).

16. Event of Default; Remedies.

16.1 General. Except as otherwise provided in Article 15, if a Party breaches any of its obligations under this DDA, the Party to whom the obligation was owed (the "Notifying Party") may notify the breaching Party of such breach. The notice shall state with reasonable specificity the nature of the alleged breach, the provisions under which the breach is claimed to arise and the manner in which the failure of performance may be satisfactorily cured. Failure to cure such breach within the time period specified in Section 16.2 shall be an "Event of Default" by the breaching party; provided, an Event of Default by Developer or an Affiliate of Developer shall be, at the Authority's option, an Event of Default by Developer and all of Developer's Affiliates; but provided further, that notwithstanding Section 21.9 (Liability for Default) (A) no Event of Default by Developer or an Affiliate of Developer with respect to the Infrastructure, Required Improvements and other horizontal obligations of Developer under this DDA (i.e., all obligations other than Developer or an Affiliate of Developer acting in its capacity as a Vertical Developer, if applicable) shall be deemed to be an Event of Default by Developer or an Affiliate of Developer in its capacity as a Vertical Developer with respect to Developable Lots, and (B) no Event of Default by a Vertical Developer (including Developer and Affiliates of Developer when acting as a Vertical Developer) shall be deemed to be an Event of Default by Developer or an Affiliate of Developer with respect to its Infrastructure obligations under this DDA unless such Event of Default relates to a Vertical Developer's failure to complete Transferable Infrastructure obligations that were transferred to the Vertical Developer in accordance with Section 7.2 and Developer fails to cure such Event of Default.

16.1.1 Upon delivery of a notice of breach, the Notifying Party and the breaching Party shall promptly meet to discuss the breach and the manner in which the breaching Party can cure the same. If before the end of the applicable cure period the breach has been cured to the reasonable satisfaction of the Notifying Party, the Notifying Party shall issue a written acknowledgement of the other Party's cure of the matter which was the subject of the notice of breach.

16.1.2 If the alleged breach has not been cured or waived within the time permitted for cure, the Notifying Party may (i) extend the applicable cure period or (ii) institute such proceedings and/or take such action as is permitted in this DDA with reference to such breach.

16.2 Particular Breaches by the Parties.

16.2.1 Event of Default by Developer. The Parties agree that each of the following shall be deemed to be an Event of Default by Developer under this DDA:

(a) Developer knowingly causes or allows to occur, as to itself, a Significant Change or a Transfer not permitted under this DDA, or inadvertently causes or allows to occur such a Significant Change or Transfer and in any case the Significant Change or Transfer is not reversed or voided within thirty (30) days following receipt of notice from the Authority by Developer ;

(b) following a Sub-Phase Approval, Developer fails to Commence or Complete the Infrastructure in the Sub-Phase by the Outside Dates for Commencement and Completion set forth in the Schedule of Performance, or abandons its work on such Infrastructure without the Approval of the Authority Director for more than sixty (60) consecutive days, or a total of one hundred and twenty (120) days, and such failure or abandonment continues for a period of forty-five (45) days following Developer's receipt of notice from the Authority;

(c) Developer defaults under the provisions of any Exhibit and fails to cure the same as provided in such Exhibit or, if not so provided, within thirty (30) days following receipt of notice from the Authority, or if such default is not susceptible of cure within thirty (30) days, if Developer fails to promptly commence such cure within thirty (30) days after its receipt of such notice and thereafter diligently prosecute the same to completion within a reasonable time;

(d) Developer or a Vertical Developer fails to pay any amount required to be paid to the Authority under this DDA or a Vertical DDA (including all Exhibits), and such failure continues for a period of thirty (30) days following receipt of notice of such non-payment from the Authority to Developer or Vertical Developer;

(e) Developer fails to submit any Substantially Complete Major Phase Application or Sub-Phase Application by the applicable date set forth in the Schedule of Performance, and such failure continues for a period of thirty (30) days following receipt of notice from the Authority to Developer;

(f) Developer fails to provide Adequate Security, including the Base Security, as required under this DDA, or once it has provided Adequate Security fails to maintain the same as required under this DDA, and such failure continues for forty-five (45) days following receipt of notice from the Authority to Developer or Vertical Developer (provided, that Developer or Vertical Developer, as applicable, shall immediately, upon receiving notice from the Authority Director to such effect, suspend all activities (other than those needed to preserve the condition of improvements or as necessary for health or safety reasons) on affected portions of the Project Site during any period during which Adequate Security is not maintained as required by this DDA);

(g) the obligor of any Adequate Security, including the Base Security, commits a default under the applicable security instrument or revokes or refuses to perform as required under the Adequate Security, and Developer does not replace the Adequate Security within forty-five (45) days following Developer's receipt of notice from the Authority; provided, that (i) Developer shall immediately, upon receiving notice from the Authority Director to such effect, suspend all activities (other than those needed to preserve the condition

of improvements or as necessary for health or safety reasons) on affected portions of the Project Site during any period during which the Adequate Security is not maintained as required by this DDA, (ii) any cure period for a default under the Adequate Security shall run concurrently with the above forty-five (45) day period, and (iii) upon receipt by the Authority of any replacement Adequate Security, the Authority shall return the original Adequate Security;

(h) Developer fails to perform its obligations relating to the Housing Plan and such failure continues for sixty (60) days following Developer's receipt of notice from the Authority, or if such failure is not susceptible to cure within sixty (60) days, if Developer fails to promptly commence such cure within sixty (60) days after its receipt of such notice and thereafter diligently prosecutes the same to completion within a reasonable time;

(i) Developer fails to convey to the Authority or to another Governmental Entity any of the Public Property as and when required under this DDA, and such failure continues for thirty (30) days following Developer's receipt of notice from the Authority;

(j) Developer fails to Commence or Complete the Required Improvements by the Outside Dates for Commencement and Completion set forth in the Schedule of Performance, or abandons its work on such Required Improvements without the Approval of the Authority Director for more than sixty (60) consecutive days, or a total of one hundred and twenty (120) days, and such failure or abandonment continues for a period of forty-five (45) days following Developer's receipt of notice from the Authority; or

(k) Developer or a Vertical Developer fails to perform any other agreement or obligation to be performed by Developer or a Vertical Developer, respectively, under this DDA, and such failure continues past any cure period specified in this DDA, or if no such cure period is specified, then within sixty (60) days after receipt by Developer or Vertical Developer, as the case may be, of notice from the Authority (and, for a failure that is not susceptible of cure within sixty (60) days, if Developer or Vertical Developer fails to promptly commence such cure within thirty (30) days after its receipt of such notice and thereafter diligently prosecute the same to completion within a reasonable time.

16.2.2 Event of Default by the Authority. The Parties agree that each of the following shall be deemed an Event of Default by the Authority under this DDA:

(a) the Authority fails to convey real property to Developer as and when required by this DDA, and such failure continues for a period of thirty (30) days following the Authority's receipt of notice from Developer (and, for a failure that is not susceptible of cure within thirty (30) days, if the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecute the same to completion);

(b) the Authority fails to perform its obligations under the Financing Plan or any Acquisition and Reimbursement Agreement, including but not limited to a failure to make payments owing to Developer from the Funding Sources in accordance with the terms of the Financing Plan or any Acquisition and Reimbursement Agreement, and such failure continues for a period of thirty (30) days following the Authority's receipt of notice from

Developer (and, for a failure that is not susceptible of cure within thirty (30) days, if the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecutes the same to completion);

(c) the Authority defaults under any agreement attached to this DDA to which it is a party (including the Interagency Cooperation Agreement or any of the Land Acquisition Agreements), and fails to cure such default within thirty (30) days following the receipt of notice from Developer that the time given for cure in such agreement has expired, or if such default is not susceptible of cure within thirty (30) days, the Authority fails to promptly commence such cure within thirty (30) days following its receipt of such notice and thereafter diligently prosecutes the same to completion; or

(d) the Authority fails to perform any other agreement or obligation to be performed by the Authority under this DDA, and such failure continues past any cure period specified in this DDA, or if no such cure period is specified, then within sixty (60) days after receipt by the Authority of notice from Developer or Vertical Developer, as applicable, and, for a failure that is not susceptible of cure within sixty (60) days, if the Authority fails to promptly commence such cure within thirty (30) days after its receipt of such notice and thereafter diligently prosecute the same to completion within a reasonable time.

16.2.3 Material Breach. “**Material Breach**” means:

(a) for the Authority, an Event of Default that materially adversely affects Developer’s or a Vertical Developer’s ability to proceed timely with the Project or any significant portion thereof without substantially increased costs, including an Event of Default by the Authority arising from the failure to make payments from the Funding Sources in accordance with the Financing Plan or any Acquisition and Reimbursement Agreement;

(b) for Developer, an Event of Default under Sections 16.2.1(a) [Unpermitted Transfers], or Section 16.2.1(b) [Infrastructure], or Section 16.2.1(k) (Required Improvements);

(c) for the Authority, Developer, and Vertical Developers, an arbitration or judicial action that resulted in a final judgment for payment or performance (beyond any applicable appeal period), and the Party against whom the judgment was made fails to make the required payment or perform the required action in accordance with the judgment within sixty (60) days following the final, unappealable judgment or any longer period as may be specified in the judgment itself; and

(d) for the Developer, the failure to pay Authority Costs and any other Financial Obligations as and when such payments are due and such failure continues for a period of thirty (30) days following receipt of notice of such non-payment from the Authority to Developer. The Parties acknowledge and agree that the Authority shall not be required to obtain a final judgment for a Material Breach under this Section 16.2.3(d) as a condition to pursuing remedies under 16.3.3(e).

16.3 Remedies.

16.3.1 Specific Performance. Upon an Event of Default, the aggrieved Party may institute proceedings to compel injunctive relief or specific performance to the extent permitted by law (except as otherwise limited by or provided in this DDA) by the Party in breach of its obligations, including without limitation, seeking an order to compel payment of amounts due under this DDA (including under the Financing Plan, the Housing Plan, the Transition Rules and Regulations, Community Facilities Plan, the Transportation Plan, the Parks and Open Space Plan, the Infrastructure Plan, the Schedule of Performance and Article 19). Nothing in this Section 16.3.1 shall require a Party to postpone instituting any injunctive proceeding if it believes in good faith that such postponement will cause irreparable harm to such Party.

16.3.2 Limited Damages. The Parties have determined that except as set forth in this Section 16.3.2, (i) monetary damages are generally inappropriate, (ii) it would be extremely difficult and impractical to fix or determine the actual damages suffered by any Party as a result of a breach hereunder and (iii) equitable remedies and remedies at law not including damages are particularly appropriate remedies for enforcement of this DDA. Except as otherwise expressly provided below to the contrary (and then only to the extent of actual damages and not consequential, punitive or special damages, each of which is hereby waived by the Parties), no Party would have entered into or become a Party to this DDA if it were to be liable in damages under this DDA. Consequently, the Parties agree that no Party shall be liable in damages to any other Party by reason of the provisions of this DDA, and each covenants not to sue the other for or claim any damages under this DDA and expressly waives its right to recover damages under this DDA, except as follows: actual damages only shall be available as to breaches that arise out of (a) the failure to pay sums as and when due (1) under this DDA (including under the Financing Plan, the Housing Plan, the Transition Rules and Regulations, Community Facilities Plan, the Transportation Plan, the Parks and Open Space Plan, the Infrastructure Plan, the Schedule of Performance and Article 19), but subject to any express conditions for such payment set forth in this DDA or (2) under any Acquisition and Reimbursement Agreement, but subject to any express conditions for such payment as set forth therein, (b) the failure to make payment due under any indemnity in this DDA, (c) the requirement to pay attorneys' fees and costs as set forth in Section 27.5, or when required by a arbitrator or a court with jurisdiction, and (d) to the extent damages are expressly permitted under any agreement among or between any of the Parties other than this DDA, including but not limited to any Permit to Enter. For purposes of the foregoing, "actual damages" shall mean the actual amount of the sum due and owing under this DDA, with interest as provided by law, together with such judgment collection activities as may be ordered by the judgment, and no additional sums.

16.3.3 Certain Exclusive Remedies. The exclusive remedy:

(a) for the failure to submit any Substantially Complete Major Phase Application or any Substantially Complete Sub-Phase Application, or to obtain any Major Phase Approval or Sub-Phase Approval, shall be the remedies of the Authority set forth in Sections 3.8.1, 3.8.2 and 3.8.3;

(b) for the failure to Commence Infrastructure or to provide Adequate Security upon such Commencement, shall be the remedy of the Authority set forth in Section 16.4 or Section 16.5;

(c) for the failure to Complete Infrastructure that has been Commenced, shall be (1) first, an action on the Adequate Security for that Infrastructure to the extent still available, and (2) thereafter, if the Authority is unable to recover upon such Adequate Security within a reasonable time (including by causing the obligor of any Adequate Security to Commence and Substantially Complete such infrastructure), the remedies in Sections 16.4 and 16.5 (and the Authority shall return any unused portion of the Adequate Security relating to such Infrastructure following the Authority's exercise of its remedies under Sections 16.4 and 16.5);

(d) for the failure to pay money (other than the Authority Costs and other Financial Obligations, which failure shall be subject to Section 16.3.3(e)), shall be a judgment (in arbitration or a competent court) to pay such money (with interest as provided by law), together with such costs of collection as are awarded by the judge or arbitrator, subject to Section 16.2.3(c);

(e) for the failure to pay Authority Costs and other Financial Obligations, the Developer must make payments under protest while the Parties are pursuing mediation, arbitration or judicial resolution of the dispute. If Developer fails to pay any such amounts under protest as required under this Section 16.3.3(e), the Authority shall have the remedies in Sections 16.4 and 16.5, in addition to any remedies provided under the Financing Plan for such Material Breach.

(f) for a breach under a Vertical DDA by a Vertical Developer, the available equitable remedies to enforce the Redevelopment Requirements, including but not limited to the recovery of monies due.

16.4 Termination. Upon the occurrence of a Material Breach by Developer or an Affiliate of Developer, the Authority may, subject to the last sentence of Section 16.1, terminate this DDA in whole or in part as to Developer and/or one or more Affiliates of Developer upon an Authority Board determination to terminate following a public meeting. Upon the occurrence of a Material Breach by the Authority, Developer, an Affiliate of Developer or a Vertical Developer, as the case may be, may terminate this DDA as to the terminating Party only. The Party alleging a Material Breach shall provide a Notice of Termination to the breaching Party, which Notice of Termination shall state the Material Breach, the portions of the real property covered by this DDA (or the Major Phases and Sub-Phases) to be terminated, and the effective date of the termination (which shall, in no event, be sooner than ninety (90) days from the date of delivery of the Notice of Termination); provided, that the Authority Director may give this Notice of Termination before the date of the Authority Board action on the proposed termination so that the Authority termination notice period may run simultaneously with the public notice period for the Authority Board action. If such termination occurs, neither the breaching Party nor the Notifying Party shall have any further rights against or liabilities to the other under this DDA as to the terminated portions of this DDA except as set forth in Section 27.29. By way of illustration of the foregoing sentence, if on the date of termination by the Authority Developer is constructing

Infrastructure in a Sub-Phase and the Material Breach is not related to that Sub-Phase, then Developer shall have the right to Complete such Infrastructure and to hold and sell the Lots in the Sub-Phase to which such Infrastructure relates in accordance with the terms of this DDA.

16.5 Authority's Exercise of Reversion Right upon Failure to Substantially Complete Infrastructure; Release of Rights of Reverter.

16.5.1 A condition precedent to the Authority's obligation to close Escrow for the conveyance of fee title to or a ground leasehold interest in real property from the Authority to Developer after Sub-Phase Approval shall be Developer's execution and delivery to the Title Company of a recordable quitclaim deed in the form attached hereto as Exhibit U (with only such changes as may be Approved by Developer and the Authority Director, the "**Reversionary Quitclaim Deed**") conveying fee title to or the ground leasehold interest in, the applicable property from Developer to the Authority. The Reversionary Quitclaim Deed shall be delivered with irrevocable instructions from Developer to the Title Company, in a form Approved by the Authority, directing the Title Company to comply with the Authority's direction to record the Reversionary Quitclaim Deed upon receipt of the Reversionary Recordation Notice and releasing and indemnifying the Title Company from any and all liability resulting from the Title Company's compliance with such instructions. Notwithstanding the foregoing, if prior to Close of Escrow for a Sub-Phase, Developer increases the amount of Adequate Security for the applicable Sub-Phase to meet the requirements of Section 16.5.4 hereof, then Developer shall have no obligation to deliver a Reversionary Quitclaim Deed for the applicable Sub-Phase and such delivery shall not be a condition precedent to Authority's obligation to convey fee title to or the ground leasehold interest in, the applicable property.

(a) The Authority's right to exercise the remedy contained in this Section 16.5 shall be as follows:

(i) shall be limited to an Event of Default under Sections 16.2.1(b), 16.2.1(k) and 16.2.3(d) (a "**Reversionary Default**");

(ii) shall not become operative until the Authority has delivered notice (the "**Reversionary Cure Notice**" which may be coupled with a Notice of Termination) to Developer and all affected Mortgagees, as the case may be, or their successors for whom the Authority has been provided an address, detailing the facts and circumstances of the Reversionary Default and providing all such Persons with a concurrent period of ninety (90) days from the delivery of such notice to commence to cure, or cause Developer to cure, the Reversionary Default; provided, that the Authority may not direct the Title Company to record the Reversionary Quitclaim Deed if Developer or such Persons commence the cure within the ninety (90) day period specified above and continue to diligently prosecute the cure without interruption to Substantial Completion (provided, that the Authority may exercise such right if the Reversionary Default is not cured within one hundred eighty (180) days following the date on which the Reversionary Cure Notice was sent by the Authority);

(iii) shall be subject to the provisions of Article 20, although any cure periods provided in Article 20 shall run concurrently with the ninety (90) day cure period provided above;

(iv) shall be subject to Section 16.5.4 regarding the Developer's right to cause a release of the Right of Reverter; and

(v) with respect to a Reversionary Default under Section 16.2.1(b) or Section 16.2.1(k), shall automatically and without further documentation terminate upon the earliest to occur of:

(A) Substantial Completion of the applicable Infrastructure or Required Improvement;

(B) issuance of the applicable Certificate of Completion;

(C) as provided in paragraph (b) below; and

(D) as provided in paragraph (c) below.

(b) With respect to a Reversionary Default under Section 16.2.1(b) or Section 16.2.1(k), the Authority Director shall have the right, in his or her sole discretion, to release a Reversionary Quitclaim Deed and terminate the Authority's rights under this Section 16.5 upon (i) the Completion of a significant portion of the Infrastructure or the Required Improvements, as applicable, within the real property described in the Reversionary Quitclaim Deed, as determined by the Authority Director following receipt of appropriate backup information from Developer, including a certificate from the Engineer or DBI with respect to the Required Improvements confirming the degree of Completion, and (ii) the Authority holding Adequate Security for the Completion of the applicable Infrastructure or Required Improvements, in form and content satisfactory to the Authority Director, that is in an amount equal to not less than one hundred fifty percent (150%) of the remaining cost to Complete the Infrastructure or Required Improvements.

(c) Notwithstanding any other provision of this Article 16, following a Reversionary Default, the Authority shall not be entitled to cause the Reversionary Quitclaim Deed to be recorded if (1) the Authority recovers the cost of causing the Infrastructure or the Required Improvements to be Completed from the Adequate Security provided by Developer for that purpose or (2) the obligor of any Adequate Security Commences to cure the Reversionary Default within sixty (60) days following demand by the Authority and such Infrastructure or Required Improvements, as applicable, is diligently prosecuted and Substantially Completed within a reasonable time thereafter. In the event that the Authority elects not to pursue such Adequate Security or pursues such Adequate Security but is unable, in the normal course and utilizing good faith efforts, to achieve the results in clause (1) or clause (2) above within a reasonable time, then the Authority may record the Reversionary Quitclaim Deed in accordance with this Section 16.5 and the Authority shall thereafter release and return the unused portion of any Adequate Security upon the expiration of the Reversionary Contest Period (if there has been no challenge or contest to such recordation) or upon or in accordance with a

final, unappealable judicial determination (if there has been such a challenge or contest to the Authority's recordation of the Reversionary Quitclaim Deed).

(d) Subject to paragraph (a) above, if the Authority believes that it is entitled to exercise the right to direct the Title Company to record the Reversionary Quitclaim Deed, then, with the Approval of the Authority Board following a public meeting (which meeting may be the same as an Authority Board meeting for declaring a Material Breach and authorizing a Notice of Termination), the Authority may send to the Title Company a notice that Developer has committed a Reversionary Default for the property in question, with a copy to Developer and to any Mortgagee that has requested notice as set forth in Section 20.4, and direct the Title Company to record the appropriate Reversionary Quitclaim Deed and provide a conformed copy of such recorded Reversionary Quitclaim Deed to the Authority, such Mortgagee and Developer (such notice, the "Reversionary Recordation Notice").

(e) If the Authority's right to direct the Title Company to record a Reversionary Quitclaim Deed terminates for any reason, then the Authority shall, upon Developer's request, promptly instruct the Title Company to return the Reversionary Quitclaim Deed or Amended Reversionary Quitclaim Deed to Developer.

(f) The Title Company's recordation of the Reversionary Quitclaim Deed shall not affect in any manner the rights of any Mortgagee or Developer to contest the Authority's right to exercise the remedy contained in this Section 16.5. No Mortgagee or Developer shall have any rights against the Title Company for recording the Reversionary Quitclaim Deed following receipt of the Reversionary Recordation Notice. However, Developer or any affected Mortgagee must bring any action contesting the Authority's right to exercise the remedy contained in this Section 16.5 (i) in any judicial proceeding concerning such recordation initiated by the Authority prior to the recordation, if Developer and the affected Mortgagee (if it requested notice under Section 20.4) receive notice of such action as set forth in Section 20.4 (i.e., any Mortgagee that fails to request notice under Section 20.4 cannot complain about its failure to receive notice, and shall be treated as if it had received notice for purposes of this Section 16.5), or (ii) if no such action is initiated by the Authority, then within sixty (60) days following recordation of the Reversionary Quitclaim Deed (in either case, the "Reversionary Contest Period"); otherwise, Developer and the affected Mortgagees shall be precluded from challenging the Authority's action. In the event that the Authority's recordation of the Reversionary Quitclaim Deed is denied through legal proceedings initiated by Developer or any Mortgagee, (1) the Authority shall promptly take corrective action to abrogate the effect of the Reversionary Quitclaim Deed, (2) the Schedule of Performance shall be equitably adjusted, (3) Developer or the Mortgagee shall thereafter prosecute to Completion the applicable Infrastructure or Required Improvements in accordance with the terms of this DDA and the Vertical DDA/LDDA applicable to the Infrastructure and Required Improvements, and (4) the Authority's right to cause the recordation of the Reversionary Quitclaim Deed shall terminate upon Substantial Completion of the Infrastructure or the Required Improvements, as applicable, as set forth in paragraph (a) above, provided that such termination shall not diminish the Authority's right to exercise any and all other remedies available to the Authority hereunder, including, without limitation, looking to the Adequate Security, if Developer fails to Complete the applicable Infrastructure or Required Improvements.

16.5.2 Payment of Special Taxes Following Recordation of Reversionary Quitclaim Deed. Following the recordation of any Reversionary Quitclaim Deed, the property covered thereby shall remain a Taxable Parcel, notwithstanding the Authority's ownership of such property, and the Authority shall pay any ad valorem taxes, Project Special Taxes, or other taxes or fees used to secure or pledged for payment of debt service with respect to any Public Financing as and when such taxes are due for such property or would have been due but for the Authority's recordation of the Reversionary Quitclaim Deed.

16.5.3 Resale of Property Following Recordation of Reversionary Quitclaim Deed. Following recordation of a Reversionary Quitclaim Deed and either (i) the expiration of the Reversionary Contest Period without Developer or any affected Mortgagee having contested the Authority's right to record the Reversionary Quitclaim Deed or (ii) if such contest is filed, the entry of a final, non-appealable judgment upholding such recordation or the expiration of any relevant appeal periods without an appeal having been filed, the Authority shall diligently market and sell the property acquired pursuant to the Reversionary Quitclaim Deed to any Qualified Buyer for not less than the fair market value of such property, as determined by the Authority Director after due inquiry. The proceeds of any such sale shall be distributed in the following order of priority: (1) to the Authority to the extent of its actual costs and expenses incurred in connection with the Reversionary Default and marketing of the property; (2) to pay any Project Special Taxes and other taxes or fees due and owing with respect to such property, up to the date of sale; (3) to repay the amounts due under each Mortgage applicable to such property in the priority of their liens on such property before the recordation of the Reversionary Quitclaim Deed; (4) to the Authority to the extent of any unpaid Authority Costs; (5) with respect to property acquired from the Navy under the Conveyance Agreement, to Developer to the extent of any consideration paid by or on behalf of Developer for such property but not previously reimbursed in accordance with the formula set forth in the Financing Plan; and (6) the remainder, if any, to the Authority for use within the Project Site. This Section 16.5.3 shall survive the termination of this DDA until all proceeds of sale have been distributed in accordance herewith.

16.5.4 Release of Right of Reverter. At any time prior to the occurrence of a Reversionary Default, , Developer shall have the right to cause the Authority to release the Right of Reverter as to any Sub-Phase by increasing the Secured Amount of the Adequate Security as follows: (i) if securing an obligation to pay money, one hundred twenty-five percent (125%) of the amount of such secured payment, and (ii) if securing an obligation to construct, one hundred twenty-five percent (125%) of the estimated cost of Completion of such construction as such cost is Approved by the Authority Director and Developer with reference to the applicable construction contracts entered into by Developer providing additional Adequate Security for the Sub-Phase (the "Increased Adequate Security"). Developer shall be relieved of its obligation to provide the Reversionary Quitclaim Deed for a particular Sub-Phase if Developer provides the Increased Adequate Security prior to Close of Escrow for that Sub-Phase. Developer shall also have the right to cause the Authority to release the Right of Reverter as to any Sub-Phase upon a showing that the amount of Adequate Security held by Authority for that Sub-Phase equals at least one hundred twenty-five percent (125%) of the remaining construction costs and monetary obligations within the Sub-Phase. For example, if the Secured Amount for Developer's obligations within a Sub-Phase were \$12,500,000 and Authority held Adequate Security for \$12,500,000, then

Developer shall have the right to cause the Authority to release the Right of Reverter as to that Sub-Phase upon Substantial Completion and payment of \$2,500,000 of the obligations secured by the Adequate Security, so long as the Adequate Security of \$12,500,000 remained in place. If Developer elects to cause the Right of Reverter to be released in accordance with this Section 16.5.2, Developer shall deliver to the Authority (i) the increased Adequate Security for the Sub-Phase or evidence reasonably satisfactory to Authority that the Adequate Security held by Authority equals at least one hundred twenty-five percent (125%) of the remaining cost of the secured obligations. Upon such delivery, the Authority shall send to the Title Company, with a copy to the Developer, a notice that Developer has complied with the provisions of this Section 16.5.4, together with an executed and recordable Release of Rights of Reverter (the "Reverter Release") in the form attached hereto as Exhibit, releasing the Authority's Right of Reverter as to the Sub-Phase for which the Increased Adequate Security has been provided. The notice shall direct the Title Company to record the appropriate Reverter Release and provide a conformed copy of such recorded Reverter Release to the Authority, any Mortgagee requested by Developer, and Developer (such notice, the "Reverter Release Recordation Notice").

16.6 Independence of Major Phases, Sub-Phases and Vertical Improvements.

Subject to the Authority's termination rights as set forth in Sections 3.8.1, 3.8.2, 3.8.3, 16.3.3 and 16.4, the Parties expressly recognize and agree that (i) an Event of Default as to one Sub-Phase shall not by itself be the basis for an Event of Default for other Sub-Phases for which Developer or an Affiliate of Developer has obtained a Sub-Phase Approval and (ii) an Event of Default for a Vertical Developer shall not be an Event of Default for Developer, an Affiliate of Developer or other Vertical Developers. Notwithstanding the foregoing, an Event of Default pertaining to the failure to Commence or to Complete Infrastructure or Required Improvements in a Major Phase or Sub-Phase will be deemed an Event of Default for all future Major Phases for which there has not been a Major Phase Approval and all Sub-Phases for which there has not been a Sub-Phase Approval; provided, that this sentence shall not apply to a Major Phase that has been assigned to a Third Party pursuant to an Assignment and Assumption Agreement that was Approved by the Authority Director unless Developer has retained any obligations with respect to such Major Phase. Nothing in this Article 16 shall be deemed to supersede or preclude the rights and remedies of the City or the Authority to require compliance with any Approval, Authorization, or other entitlement granted for the development or use of the Major Phase, Sub-Phase or Vertical Improvement, which rights and remedies shall be in addition to the rights and remedies under this Article 16.

16.7 Reserved.

16.8 Rights and Remedies Cumulative. Except as expressly limited by this DDA (such as in Sections 16.3.2 and 16.3.3), the rights and remedies of the Parties contained in this DDA shall be cumulative, and the exercise by any Party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other remedies contained in this DDA for the same breach by the applicable Party. In addition, the remedies provided in this DDA do not limit the remedies provided in other agreements and documents, including without limitation, the remedies set forth in the Authority Policies. Otherwise, except as provided in this Section 16.8, neither Party shall have any remedies for

a breach of this DDA by the other Party except to the extent such remedy is expressly provided for in this DDA.

16.9 No Implied Waiver. No waiver made by a Party for the performance or manner or time of performance (including an extension of time for performance) of any obligations of the other Party or any condition to its obligations under this DDA shall be considered a waiver of the rights of the Party making the waiver for a particular obligation of the other Party or condition to its own obligation beyond those expressly waived in writing.

17. Transfer and Development of Lots.

17.1 In General. After issuance of a Certificate of Completion for the Non-Transferable Infrastructure serving a particular Lot or series of Lots, Developer will Transfer Lots to Vertical Developers (including Affiliates of Developer, when acting as a Vertical Developer) who will construct Vertical Improvements on such Lots in accordance with the terms of the Vertical DDA or LDDA; provided, however, that Developer will be entitled to Transfer Lots to Vertical Developers prior to issuance of a Certificate of Completion for the Non-Transferable Infrastructure, so long as Developer retains ultimate responsibility for Completion of the Non-Transferable Infrastructure in accordance with the Schedule of Performance and Authority holds Adequate Security therefore. The Parties acknowledge that except as otherwise provided for certain Commercial Lots described in Section 17.2 hereof, and Required Improvements, there shall be no Outside Date for the Transfer or Vertical Development of Market Rate Lots and Commercial Lots.

17.2 Commercial Lots. Certain Lots designated for commercial use or development in the Land Use Plan (collectively, the “**Commercial Lots**”) will be divided into two groups. The first group (the “**Critical Commercial Lots**”), consists of Parcels M-1A and M-1B and Buildings 1, 2 and 3 identified on the Land Use Plan. The second group (the “**Non-Critical Commercial Lots**”) consists of the Parcels identified on the Land Use Plan as C2-H, Y1-H and SOQHD, and any of the Critical Commercial Lots that Developer elects not to develop under Section 17.2.1.

17.2.1 Developer Rights and Timing for Development of Critical Commercial Lots. Developer by itself or in joint ventures with other development partners (“**Developer Commercial JVs**”) shall have the right, but not the obligation, to develop the Critical Commercial Lots (other than the Required Improvements), subject to the timing set forth in this Section 17.2.1. Except as may otherwise be provided under the Schedule of Performance for Required Improvements, there shall be no Outside Date for development or Transfer of Parcels M-1A and M-1B; provided, however, that if Developer elects not to develop Parcel M-1A or M-1B, then it shall Auction the Lot in accordance with Section 17.2.6 and enter into a Vertical DDA with the successful bidder. For Buildings 1, 2 or 3, except as may otherwise be provided under the Schedule of Performance for Required Improvements and the Community Facilities Plan, Developer shall have entered into an LDDA and Ground Lease with Authority for uses consistent with the Redevelopment Documents and this DDA within ten (10) years for Buildings 1 and 2, and fifteen (15) years for Building 3, after the Major Phase Approval is granted for the Major Phase in which the Critical Commercial Lot is located, or if it has elected not to develop the applicable Lot, shall have Auctioned the LDDA and Ground Lease

opportunity within the same time periods in accordance with Section 17.2.6. Failure to meet the timeframes established in this Section 17.2.1 (excluding timeframes set forth in the Schedule of Performance for Required Improvements or Community Facilities) shall not be a default under this DDA, but Authority shall thereafter have the right to develop or market and ground lease the applicable Critical Commercial Lot to third parties for development, subject to the restrictions on use set forth in Section 21.12.

17.2.2 Development and Timing of Non-Critical Commercial Lots. Developer shall Auction the vertical development and ground lease rights to Lot Y1-H and the SOQHD in accordance with Section 17.2.6 no later than five (5) years after the Outside Date in the Schedule of Performance for Completion of Infrastructure related to the applicable Lot is located (or at such earlier time as is provided in the following sentence with respect to the SOQHD, or at such earlier or later time as is mutually agreed-upon by the Parties, each in their sole discretion). If Developer has not offered the applicable Lot for Auction within the time required hereunder, or with respect to the SOQHD, the Authority identifies an economically viable user that will renovate all or a portion of the SOQHD in accordance with the Secretary of Interior Standards, then Authority shall thereafter have the right to develop or market and ground lease the applicable Non-Critical Commercial Lot to third parties for development, subject to the restrictions on use set forth in Section 21.12.

17.2.3 Transfer of Commercial Lots. Developer shall Transfer by Auction in accordance with Section 17.2.6 any Non-Critical Commercial Lot through a Vertical DDA, substantially in the form attached hereto as Exhibit ____, or with respect to a Non-Critical Commercial Lot on Public Trust property, a Vertical LDDA, substantially in the form attached hereto as Exhibit _____. The Authority shall enter into a Vertical DDA or LDDA with the Developer provided the Authority has not exercised its right to develop or market and ground lease such Lot in accordance with Section 17.2.1 or Section 17.2.2 above and the successful bidder for the applicable Non-Critical Commercial Lot, which Vertical DDA or Vertical LDDA shall include such additional terms and conditions, including a Scope of Development, that reflect the uses and financial offer negotiated with the successful bidder, which terms shall be Approved by Authority and Developer. The applicable Non-Critical Commercial Lots on Public Trust property shall be ground leased directly by the Authority to the Vertical Developers.

17.2.4 Revenues from Critical Commercial Lots. If Developer by itself or through a Developer Commercial JV develops the Critical Commercial Lots, the sales price or capitalized ground lease rent (as the case may be) for the Critical Commercial Lots purchased by or ground leased to Developer or the Developer Commercial JVs (the “**Critical Commercial Lots Payment**”) shall be derived from the Proforma prepared by Developer at the commencement of each Major Phase (and updated periodically during the Major Phase, including at Sub-Phase Application), showing reasonable detail of projected revenues, expenses, subsidies and/or target returns associated with the Critical Commercial Lots, acknowledging that to the extent that the Critical Commercial Lots require subsidy for development as reasonably determined by Developer, which determination must be supported by the independent appraiser letter report described below, the sales price or ground lease rent (as the case may be) for the Critical Commercial Lots shall be zero dollars (\$0.00). Developer will provide this information derived from the Proforma to an Appraiser selected by Developer from the Qualified Appraisal Pool and shall provide to Authority a letter report confirming the appropriateness of Developer’s

assumptions related to the Critical Commercial Lots. No potential or actual investor or lender shall be prohibited by an exclusivity agreement between the Developer and other investors or lenders from participating in any financing of any Commercial Lot or any other commercial product type developed by parties other than Developer.

17.2.5 Transfer by Developer of Developed Critical Commercial Lots. Developer or a Developer Commercial JV may, in its sole discretion, subsequently convey any of the developed Critical Commercial Lots (the "**Developed Critical Commercial Lots**") to a third party. Transfer of the Developed Critical Commercial Lots shall be by sale, or by sub-ground lease or assignment of ground lease in accordance with the terms thereof, provided, however, with respect to the first transfer of a ground lease by Developer, the transferee shall be required to pay a transfer price based upon the fair market value for the right to occupy the applicable Developed Critical Commercial Lot on the terms and conditions of the ground lease, including the ground rent under the ground lease of zero dollars (\$0.00). If Developer elects to transfer a Developed Critical Commercial Lot to a Developer Commercial JV, the transfer price shall be determined in accordance with the Appraisal Process described in Section 17.4 hereof. If Developer elects to transfer a Developed Critical Commercial Lot to a non-Affiliated third-party entity (such parcel, a "**Non-Developer Critical Commercial Lot**"), the transfer price shall be determined by Auction pursuant to the Auction process applicable to Commercial Lots, as set forth in Section 17.2.6 below.

17.2.6 Auction Process for Commercial Lots. The Auction for any Commercial Lot to the extent required hereunder shall require a mutually agreed upon minimum bid price based on the Proforma prepared by the Developer at the commencement of the applicable Major Phase and updated from time to time during the Major Phase, including at Sub-Phase Application, and confirmed by an independent appraiser letter according to the process described in Section 17.2.4, and will be submitted for offer for a reasonable period of time, as determined by Developer and the Authority, through licensed commercial real estate brokers having at least five (5) years experience in Bay Area commercial real estate selected by Developer. The Auction for a Non-Developer Critical Commercial Lot shall not require a minimum bid price. The pool of qualified bidders in the Auction of any Non-Critical Commercial Lots or any Non-Developer Critical Commercial Lots shall be determined by the Authority and Developer prior to the applicable Auction based on the Auction Bidder Selection Guidelines applicable to Commercial Lots (attached hereto as Exhibit). If no qualified bids are received for the Non-Critical Commercial Lots at the close of the Auction period, Developer and/or its Affiliates will have the option, to be exercised by written notice within sixty (60) days after the close of the Auction period, to purchase such Non-Critical Commercial Lots based upon an appraisal in accordance with Section 17.4 hereof. If Developer does not timely exercise the option to purchase unsold Non-Critical Commercial Lots, the Authority and Developer shall within one hundred twenty (120) days after the expiration of the Auction period, mutually agree upon a new minimum bid price to be used in a new Auction, which may take the form of adjustment to the Proforma minimum bid price or an appraisal. If the Parties are unable to agree on a new minimum bid price within the allotted time, the matter shall be submitted to the Dispute Resolution procedure. Within six (6) months after establishment of the new minimum bid price, Developer shall re-bid the Non-Critical Commercial Lot. If no qualified bids are received for the Non-Developer Critical Commercial Lots that are acceptable to Developer,

Developer shall reserve the right to withdraw the Non-Developer Critical Commercial Lot from sale and re-bid the Non-Developer Critical Commercial Lot at such future time as Developer's deems appropriate in its reasonable judgment, but in no event later than two (2) years after the prior Auction.

17.3 Sale of Market Rate Lots. Those Lots identified on the Land Use Plan as appropriate for the development of residential units that are sold or leased at predominantly market rates (the "**Market Rate Units**") shall be referred to in this Agreement as the "**Market Rate Lots.**" Developer has the right to purchase Market Rate Lots for up to sixty percent (60%) of the Market Rate Units (the "**Developer Lots**"), at a purchase price established by the Appraisal Process described in Section 17.4. Market Rate Lots for approximately twenty percent (20%) of the Market Rate Units shall be available for purchase at a purchase price established by the Appraisal Process by joint ventures in which the Developer or its Affiliates have no more than a fifty percent (50%) ownership interest and under which a non-Affiliated joint venture partner exercises management control as the "managing partner" (or member, as the case may be) of the joint venture entity (collectively, the "**JV Lots**"). In order to ensure that the Developer Lots and JV Lots are sold at fair market value, Market Rate Lots for approximately twenty percent (20%) of the Market Rate Units will be offered for sale via Auction (collectively, the "**Residential Auction Lots**") in accordance with Section 17.5. No potential or actual investor or lender shall be prohibited by an exclusivity agreement between the Developer and other investors or lenders from participating in any financing of any Market Rate Lot or any other residential product type developed by parties other than Developer.

17.3.1 Developer Lots. Unless otherwise agreed upon by the Parties in their reasonable discretion, no more than one-third of the Developer Lots (which also equals 20% of the Market Rate Lots) can be sold directly to Developer, and the balance of the Developer Lots may be sold to an entity or entities comprised of some or all of the same partners as Developer, but having a materially different capital structure than Developer, in accordance with the Appraisal Process. Concurrent with the sale of any Developer Lot to an entity or entities comprised of some or all of the same partners as Developer, but having a materially different capital structure than Developer, a duly authorized officer of Developer shall provide the Authority with a certified statement that the prospective purchaser has a materially different capital structure than Developer. For purposes hereof, an entity having a "materially different capital structure" means an entity comprised of some or all of the same partners as Developer but one in which there has been a cumulative change of at least 25% in the capital positions of all the partners, and at least one of the partners has changed its capital position by at least 15%. Before the close of each Major Phase, the Developer will provide to the Authority a list of equity investors for that Major Phase. During the implementation of any Major Phase, Developer will provide to the Authority immediately prior to the sale of any parcels to an Affiliate of Developer or the equity investors of that Major Phase, a notice of such Affiliate sale which notice shall describe why the sale is permitted under the terms of this Agreement. Prior to the close of any sale directly to Developer, Developer shall provide to the Navy a letter from a real estate broker or licensed real estate professional familiar with

the Bay Area market who is not an Affiliate of Developer and has no equity investment in Developer in such Major Phase, finding that the acquisition and development of the Market Rate Lot by Developer is appropriate in the context of then-existing market conditions. The basis of such findings could include, but is not limited to, establishing a new product type, initiating or establishing the development of a new phase in the Project, responding to changes in market conditions, or other similar market-based factors. Any disputes arising out of this Section 17.3.1 shall be referred to the arbitration process for Expedited Arbitration Matters set forth in Section 15.3.2 hereof.

17.4 **Appraisal Process.** The process described in this Section 17.4 (the “**Appraisal Process**”) shall apply to the Developer Lots, the JV Lots, those Developed Critical Commercial Lots for which an appraisal is required under Section 17.2.5, and those Non-Critical Commercial Lots for which an appraisal is required under Section 17.2.6. The Authority and Developer shall confer and select an appraiser from the Qualified Appraiser Pool for each such Developed Critical Commercial Lot, Non-Critical Commercial Lot, Developer Lot or JV Lot to be appraised. An appraisal used for the purpose of determining the parcel sale price (or ground lease rent, if applicable) shall be updated if a sales contract (or ground lease) for such parcel has not been executed within one (1) year from the date of the appraisal.

17.4.1 **Qualified Appraiser Pool.** Appraisals of any Developed Critical Commercial Lots required to be appraised by Section 17.2.5, Non-Critical Commercial Lots for which an appraisal is required under Section 17.2.6, the Developer Lots and JV Lots shall be conducted by a qualified appraiser, which for purposes of this DDA shall be defined as an appraiser (i) licensed in the State of California as a Certified General Appraiser and holding the MAI designation from the Appraisal Institute, (ii) practicing or working for at least ten (10) years in either a national firm, or regional firm based in California, (iii) who is not an Affiliate of the Developer and has no equity investment in the Developer or the project investors, (iv) who has particular experience with coastal California real property transactions involving the Product Type that is the subject of the appraisal, and (v) who has no conflict of interest as evidenced by contractual relationships with Developer either existing or in the immediately prior twenty-four (24) months, unless a conflict waiver is obtained from the Authority (and, if required under the Conveyance Agreement, the Navy). The Parties have agreed upon a list of pre-qualified appraisers, which list is attached hereto as Exhibit (the “**Qualified Appraiser Pool**”). From time to time, either Party may propose in writing to add or subtract additional persons meeting the above qualifications. If the Parties disagree on a proposed addition or subtraction, then the Parties shall follow the dispute resolution procedure for Expedited Arbitration Matters set forth in Section 15.3.2.

17.4.2 **Appraisal Instructions.** The selected appraiser shall appraise the applicable Developer Lot, JV Lot, Developed Critical Commercial Lot (to the extent subject to appraisal by Section 17.2.5), or Non-Critical Commercial Lot (to the extent subject to appraisal by Section 17.2.6) utilizing appraisal instructions by appropriate Product Type substantially in the form of those attached hereto as Exhibit -1 through -4, as the Parties hereto may agree to amend from time to time which agreement shall not be unreasonably withheld, conditioned or delayed. If a Excess Land Appreciation Structure is established in a

Major Phase by Product Type, such structure will be deemed to apply to all Market Rate Lots of that Product Type, and the appraisal instructions shall incorporate such terms. If material changes are proposed to appraisal instructions, including assumptions, special assumptions, limiting conditions, hypothetical conditions, and other special instructions, the requesting Party shall propose such amendment in writing, and, if the Parties disagree, they shall follow the dispute resolution procedure for Expedited Dispute Matters set forth in Section 15.3.2.

17.4.3 Notification of Appraisal. Developer, on behalf of the Authority, shall provide to the Navy documentation of appraiser selection, appraisal instructions and the complete appraisal promptly following completion of all appraisals.

17.5 Auction Process for Residential Auction Lots. The Authority and Developer at the commencement of any Major Phase, shall jointly determine the pool of qualified bidders for each Auction of a Residential Auction Lot based on the Auction Bidder Selection Guidelines for Residential Auction Lots (attached hereto as Exhibit) set forth for each Product Type, as agreed upon by the Parties. In the event no qualified third party bids are received at or above the minimum bid price for the Residential Auction Lots (as determined in the Major Phase Decisions), Developer and/or its Affiliates will have the option by written notice within sixty (60) days after the close of the Auction period to purchase such Residential Auction Lots at the minimum bid price and any Residential Auction Lots so acquired by Developer shall not be deemed to apply against the percentage limits otherwise applicable to the Developer Lots or the JV Lots. If Developer does not timely exercise the option to purchase unsold Residential Auction Lots, then the Authority and Developer shall within one hundred twenty (120) days after the expiration of the Auction period mutually agree upon a new minimum bid price to be used in a new Auction (the “**Re-Setting of the Minimum Bid Price**”). If the Parties are unable to agree on a new minimum bid price within the allotted time, the matter shall be submitted to the Dispute Resolution procedure for Expedited Dispute Matters set forth in Section 15.3.2. The Re-Setting of the Minimum Bid Price may take the form of adjustment to the Proforma minimum bid price or an appraisal. .

17.5.1 Timing of Residential Auction Lots Selection. The Residential Auction Lots will be selected by mutual agreement by the Authority and the Developer prior to close of escrow for each Major Phase, as such selection may be revised in a subsequent approved Sub-Phase Application. The Residential Auction Lots will be offered for sale at such time reasonably deemed appropriate by Developer in light of then-current market conditions, but in no event earlier than the issuance of a Certificate of Completion for the Non-Transferable Infrastructure serving the applicable Residential Auction Lot.

17.5.2 Residential Auction Lots as Benchmarks. The Residential Auction Lot sales prices, as deemed appropriate by the appraisers, and other relevant market data shall be used as comparables in the appraisal process for the Developer Lots and the JV Lots. The mix of Product Types of the Market Rate Lots subject to Auction shall roughly mirror that of the Market Rate Lots to be allocated and sold in that Major Phase, with a goal of selecting at least one representative parcel for each Market Rate Lot Product Type offered in that Major

Phase. For the purposes of this DDA, “**Product Types**” are defined as a residential building with a typical unit count and building typology that allows general assumptions of construction costs. Examples of such Product Types are townhomes; low rise (up to 70’ in height); mid rise (above 70’ and up to 125’ in height) and towers (above 125’ in height).

17.5.3 Guidelines for Residential Auction Lots Selection. The distribution and selection of the Residential Auction Lots shall be based on a principle of nondiscrimination. The selected Residential Auction Lots shall be generally representative of the average advantages and disadvantages of the Market Rate Lots to be developed in that Major Phase. Factors to be considered in such selection include, but are not limited to, parcel size, views, proximity to parks, proximity to the transit center, proximity to the Job Corps site, proximity to the Bay Bridge, proximity to the retail core and exposure to wind (collectively, the “**Guidelines for Residential Auction Lot Selection**”), attached hereto as Exhibit .

18. Mitigation Measures.

18.1 Mitigation Measures. Developer and the Authority agree that the construction and subsequent operation of the Infrastructure, Vertical Improvements and Required Improvements, if applicable, shall be in accordance with the mitigation measures identified in the Project MMRP (the “**Mitigation Measures**”). Developer and Vertical Developers shall each comply with and perform the Mitigation Measures as and when required by the Project MMRP except for those Mitigation Measures or portions of Mitigation Measures for which the performance obligations are expressly obligations of the Authority, the City or another Governmental Entity. The responsibility to implement applicable Mitigation Measures shall be incorporated by Developer, Vertical Developer or the Authority, as applicable, into any applicable contract or subcontract for the construction or operation of the Improvements. The Authority shall comply with and perform the Mitigation Measures or portions of Mitigation Measures that are the obligation of the Authority as and when required, and shall use good faith efforts, consistent with the Interagency Cooperation Agreement, to cause the necessary City Agencies to comply with and perform the Mitigation Measures or portions of Mitigation Measures that are the obligations of the City as and when required.

19. Authority Costs.

19.1 Authority Costs. “**Authority Costs**” means all costs and expenses actually incurred and paid by the Authority in accordance with the Authority’s annual budget approved by the Authority Board and the Board of Supervisors under Section 3306 of the CCRL (the “Annual Authority Budget”), including costs and expenses relating to performing the Authority’s obligations under this DDA and other Authority contracts and grants, the Conversion Act, CCRL and the Redevelopment Plan.

19.2 Annual Budget. Within ninety (90) days after the Effective Date, the Authority and Developer shall meet and confer to create a base line budget that includes projected Authority Costs and projected sources and amounts of revenue. On or before May 1 with respect to Fiscal Year 2012-13 and each subsequent Authority Fiscal Year during

the term of this DDA, the Authority and Developer shall meet and confer regarding the Authority Costs reasonably expected to be incurred during that succeeding Authority Fiscal Year. Prior to such meetings, the Authority shall prepare a preliminary budget for Authority Costs that shall include (i) a description of the staff positions for both Island Operations and Redevelopment personnel, (ii) a general description of the duties of each such employee relative to the Project, (iii) an identification of each third-party professional expected to be paid by the Authority during such year together with a description of the expected duties of such professional, the method of compensation and the expected total cost of such professional for such year, (iv) a general description of the costs and expenses related to the operation and maintenance of NSTI, including compliance with the terms of the TIHDI Agreement to provide assistance to TIHDI and its Member Organizations, and (v) a general description of the costs and expenses related to the management and implementation of the Project. Based on such meetings and other relevant information available to the Authority, the Authority shall update such preliminary budget for Authority Costs for such Authority Fiscal Year, broken down by fiscal quarter and including the information set forth in clauses (i) through (v) above (an “**Annual Authority Draft Budget**”) and deliver the same to Developer. The Annual Authority Draft Budget shall also include a projection of anticipated revenues payable to Authority for the year, including projected Interim Lease Revenues, Marina Revenues and any other sources of revenue anticipated to be received by Authority from sources other than Developer or Vertical Developers (collectively, “Authority Revenues”). The Parties acknowledge that the Annual Authority Draft Budget is subject to review and approval by the Authority Board and the Board of Supervisors under section 33606 of the CCRL, and that particular expenditures may require additional review and approval under the CCRL and applicable law, including the legislative body’s findings regarding Authority payment for public improvements under section 33445 of the CCRL. The Parties further acknowledge and agree that the Annual Authority Budget may need to be modified by the Authority from time to time during the Authority Fiscal Year.

19.3 **Reporting.** Within ninety (90) days following the end of each calendar quarter during the term of this DDA, the Authority Director shall deliver to Developer a summary of Authority Costs and Revenues incurred during such quarter together with a comparison of the Authority Costs and Revenues incurred with those set forth in the relevant Annual Authority Budget (an “**Authority Costs and Revenue Report**”). Each Authority Costs and Revenue Report shall contain a certification by the Authority Director that such Authority Costs and Revenue Report, to his or her knowledge, is complete and complies with the terms of this Article 19. The summary shall be in a reasonably detailed form and shall include (i) a general description of the services performed and Authority Costs incurred, (ii) the fees and costs incurred and paid by the Authority under the Interagency Cooperation Agreement, (iii) the fees and costs of third-party professionals and copies of invoices from such third-party professionals; and (iv) all other costs and expenses of Authority in carrying out its duties. The Authority shall provide such additional information and supporting documentation as Developer may reasonably request regarding Authority Costs incurred. The Authority and Developer shall cooperate with one another to develop a reporting format that satisfies the reasonable informational needs of Developer without divulging any privileged or confidential information of the Authority, the City, or their respective contractors. The Authority Costs and Revenue Report shall be binding on Developer in the

absence of error demonstrated by Developer within six (6) months of Developer's receipt of the same.

19.4 Payment of Authority Costs. The Authority may from time to time establish a fee for service mechanism for Authority Costs incurred by it pursuant to this DDA, although such mechanism may not result in higher Authority Costs than if the system outlined in Section 19.2 were observed. Any such fees collected shall be shown in the Authority Costs and Revenue Report for purposes of determining the Authority Costs due and owing from Developer under this DDA.

19.5 Payment for Shortfall in Authority Costs. In each calendar quarter, Authority shall apply all Authority Revenues against all Authority Costs described in each Authority Costs and Revenues Report. Developer or a Vertical Developer, as the case may be shall reimburse Authority for the amount by which the Authority Costs exceed Authority Revenues and reasonable reserves for that quarter, as shown in the Authority Costs and Revenues Report, no later than sixty (60) days after the receipt of the Authority Costs and Revenue Report from the Authority. The Parties shall meet and confer in good faith to resolve any disputes regarding an Authority Costs and Revenue Report. In addition to the other remedies provided in this DDA, the Authority shall have the right to terminate or suspend any work for a Party under this DDA upon such Party's failure to pay amounts due and owing hereunder, and continuing until such Party makes payment in full to the Authority. No such failure to pay by a Party shall affect the Authority's obligations to any other Party under this DDA.

20. Financing; Rights of Mortgagees.

20.1 Right to Mortgage. Developer, any Vertical Developer and any Person to whom any of them Transfers its respective interest in this DDA, a Vertical DDA or a Vertical LDDA, as the case may be, as permitted under this DDA (collectively and individually, as the case may be, a "**Mortgagor**") shall have the right, at any time and from time to time during the term of this DDA, Vertical DDA or Vertical LDDA, as the case may be, to grant a mortgage, deed of trust or other security instrument (each a "**Mortgage**") encumbering all or a portion of such Mortgagor's respective ownership interest in all or a portion of the Project Site, together with such Mortgagor's interest in any Project Accounts relating to such portions of the Project Site (including the right to receive payments from the Funding Sources or other revenue emanating from the Project Site) for the benefit of any Person (together with its successors in interest, a "**Mortgagee**") as security for one or more loans related to the Project Site made by such Mortgagee to the Mortgagor to pay or reimburse costs incurred in connection with obligations under this DDA, a Vertical DDA or a Vertical LDDA, as applicable, subject to the terms and conditions contained in this Article 20. Without limiting the foregoing, no Mortgage shall be granted to secure obligations unrelated to the Project Site or to provide compensation or rights to a Mortgagee in return for matters unrelated to the Project Site.

20.2 Certain Assurances. The Authority agrees to cooperate reasonably with each Mortgagor or prospective Mortgagor in confirming or verifying the rights and obligations of the Mortgagee hereunder or under a Vertical DDA or a Vertical LDDA, as the case may be.

20.3 Mortgagee Not Obligated to Construct. Notwithstanding any other provision of this DDA, any Vertical DDA or Vertical LDDA, as applicable, including those that are or are intended to be covenants running with the land, a Mortgagee, including any Person who obtains title to all or any portion of or any interest in the Project Site as a result of foreclosure proceedings, or conveyance or other action in lieu thereof, or other remedial action, including (a) any other Person who obtains title to real property in the Project Site or such portion from or through such Mortgagee or (b) any other purchaser at foreclosure sale, shall in no way be obligated by the provisions of this DDA, any Vertical DDA or Vertical LDDA, as applicable, to Commence or Complete Infrastructure or Vertical Improvements or to provide any form of Adequate Security for such Commencement or Completion. Nothing in this Section 20.3 or any other Section or provision of this DDA, any Vertical DDA or Vertical LDDA, as applicable, shall be deemed or construed to permit or authorize any Mortgagee or any other Person to devote all or any portion of the Project Site to any uses, or to construct any improvements, other than uses or Improvements consistent with the Redevelopment Requirements.

20.4 Copy of Notice of Default and Notice of Failure to Cure to Mortgagee. Whenever the Authority shall deliver any notice or demand to a Mortgagor for any breach or default by such Mortgagor in its obligations or covenants under this DDA, any Vertical DDA or Vertical LDDA, as applicable, the Authority shall at the same time forward a copy of such notice or demand to each Mortgagee having a Mortgage on the portion of the Project Site or any interest in the revenues therefrom or related thereto that is the subject of the breach or default who has previously made a written request to the Authority for a copy of any such notices. The Authority's notice shall be sent to the address specified by such Mortgagee in its most recent notice to the Authority. In addition, if such breach or default remains after any cure period permitted under this DDA, any Vertical DDA or Vertical LDDA, as applicable, has expired, the Authority shall deliver a notice of such failure to cure such breach or default to each such Mortgagee at such applicable address. A delay or failure by the Authority to provide such notice required by this Section 20.4 shall extend, for the number of days until notice is given, the time allowed to the Mortgagee for cure.

20.5 Mortgagee's Option to Cure Defaults. After receiving any notice of failure to cure referred to in Section 20.4, each Mortgagee that has received interest in real property shall have the right (but not the obligation), at its option, to commence within the same period as Developer to cure or cause to be cured any Event of Default, plus an additional period of (a) thirty (30) days to cure a monetary Event of Default and (b) sixty (60) days to cure a non-monetary Event of Default that is susceptible of cure by the Mortgagee without obtaining title to the applicable real property. If an Event of Default is not cured within the applicable cure period (or cannot be cured by the Mortgagee without obtaining title to the applicable real property), the Authority nonetheless shall refrain from exercising any of its remedies for the Event of Default and shall permit the cure by Mortgagee of such Event of Default if, within the Mortgagee's applicable cure period: (i) the Mortgagee notifies the Authority in writing that the Mortgagee intends to proceed with due diligence to foreclose the Mortgage or otherwise obtain title to the subject real property; (ii) the Mortgagee commences foreclosure proceedings within sixty (60) days after giving such notice, and diligently pursues such foreclosure to completion; and (iii) after obtaining title, the Mortgagee diligently proceeds to cure those Events of Default: (A) that are susceptible of cure by the

Mortgagee; and (B) of which the Mortgagee has been given written notice by the Authority under Section 20.4 or thereafter. Notwithstanding the foregoing, no Mortgagee shall be required to cure any Event of Default that is personal to the Mortgagor (by way of example and not limitation, such Mortgagor's bankruptcy, failure to submit required information in the possession of such Mortgagor), and the completion of a foreclosure and acquisition of title to the applicable real property by the Mortgagor shall be deemed to be a cure of such Events of Default. Although no Mortgagee is obligated to do so, any Mortgagee that properly Completes the Infrastructure or Improvements relating to the applicable portion of Project Site in accordance with this DDA, any Vertical DDA or Vertical LDDA, as applicable shall be entitled, upon written request made to the Authority, to a Certificate of Completion.

20.6 Mortgagee's Obligations with Respect to the Property. Except as set forth in this Article 20, no Mortgagee shall have any obligations or other liabilities under this DDA, any Vertical DDA or Vertical LDDA, as applicable, unless and until it acquires title by any method to all or some portion of or interest in the Project Site (referred to as "**Foreclosed Property**") and expressly assumes Developer's rights and obligations under this DDA, a Vertical DDA or Vertical LDDA, as applicable, in writing. A Mortgagee (or its designee) that acquires title to any Foreclosed Property (a "**Mortgagee Acquisition**") shall take title subject to all of the terms and conditions of this DDA, a Vertical DDA or Vertical LDDA, as applicable to the extent applicable to the Foreclosed Property, including any claims for payment or performance of obligations that are due as a condition to enjoying the benefits under this DDA, any Vertical DDA or Vertical LDDA, as applicable from and after the Mortgagee Acquisition. Upon completion of a Mortgagee Acquisition and written assumption of Developer's rights and obligations under this DDA, a Vertical DDA or Vertical LDDA, as applicable, the Authority shall recognize the Mortgagee as the Developer under this DDA, the Vertical DDA or Vertical LDDA, as applicable. The Authority shall have no right to enforce any obligation under this DDA, any Vertical DDA or Vertical LDDA, as applicable, personally against any Mortgagee unless such Mortgagee expressly assumes and agrees to be bound by this DDA, Vertical DDA or Vertical LDDA, as applicable in a form Approved by the Authority. However, the Authority shall have the right to (i) terminate this DDA, any Vertical DDA or Vertical LDDA, as applicable, with respect to the Foreclosed Property if the Mortgagee does not agree to assume the rights and obligations of Developer relating to the Foreclosed Property in writing within ninety (90) days following a Mortgagee's acquisition of title to the Foreclosed Property, and (ii) exercise its rights under Section 16.5 with respect to Foreclosed Property (regardless of whether there has been a foreclosure) in the event that a Mortgagee does not cure a Reversionary Default within the time permitted for cure herein. If a Mortgagee or any Person who acquires title to real property in the Project Site from a Mortgagee assumes obligations to construct Improvements under this DDA, Vertical DDA or Vertical LDDA, as applicable, the Schedule of Performance with respect to the Foreclosed Property shall be extended as needed to permit such construction.

20.7 No Impairment of Mortgage. No default by a Mortgagor under this DDA, a Vertical DDA or Vertical LDDA, as applicable, shall invalidate or defeat the lien of any Mortgagee. Neither a breach of any obligation secured by any Mortgage or other lien against the mortgaged interest nor a foreclosure under any Mortgage shall defeat, diminish, render

invalid or unenforceable or otherwise impair Developer's rights or obligations or constitute, by itself, a default under this DDA, a Vertical DDA or Vertical LDDA, as applicable.

20.8 Multiple Mortgages. If at any time there is more than one Mortgage constituting a lien on a single portion of the Project Site or any interest therein, the lien of the Mortgagee prior in time to all others on that portion of the mortgaged property shall be vested with the rights under this Article 20 to the exclusion of the holder of any other Mortgage; provided, however, that if the holder of a senior Mortgage fails to exercise the rights set forth in this Article 20, each holder of a junior Mortgage shall succeed to the rights set forth in this Article 20 only if the holders of all Mortgages senior to it have failed to exercise the rights set forth in this Article 20 and holders of junior Mortgages have provided written notice to the Authority under Section 20.4. No failure by the senior Mortgagee to exercise its rights under this Article 20 and no delay in the response of any Mortgagee to any notice by the Authority shall extend any cure period or Developer's or any Mortgagee's rights under this Article 20. For purposes of this Section 20.8, in the absence of an order of a court of competent jurisdiction that is served on the Authority, a title report prepared by a reputable title company licensed to do business in the State and having an office in City, setting forth the order of priorities of the liens of Mortgages on real property may be relied upon by the Authority as conclusive evidence of priority.

20.9 Cured Defaults. Upon the curing of any Event of Default by a Mortgagee within the time provided in Section 20.5, the Authority's right to pursue any remedies for the cured Event of Default shall terminate.

21. Transfers and Assignment.

21.1 Developer's Right to Transfer Major Phase. Developer shall have the right to Transfer to a Transferee, in each case upon compliance with the provisions of this Section 21.1: (i) the right to submit Major Phase Applications for one or more Major Phases, excluding the Initial Major Phase; (ii) the right to submit Sub-Phase Applications within any Major Phase(s), excluding the Initial Sub-Phase within the Initial Major Phase; (iii) the right to develop any Major Phases for which a Major Phase Approval has been obtained, excluding the Initial Major Phase; and (iv) the right to develop any Sub-Phase within a Major Phase for which a Sub-Phase Approval has been obtained, excluding the Initial Sub-Phase within the Initial Major Phase. The Authority Board's Approval shall be required for a Transfer pursuant to this Section 21.1. Such Approval will not be unreasonably withheld, delayed or conditioned if the Transferee or Persons Controlling the Transferee:

- (a) have experience acting as the developer of projects similar in size and complexity to the development opportunity being Transferred (the "**Experience Requirement**"), as determined by the Authority Board in its reasonable discretion;
- (b) satisfy the Net Worth Requirement;
- (c) if the Transfer is under clause (i) above, commit to submit a Major Phase Application and all Sub-Phase Applications for the development opportunity being Transferred,

no later than the Outside Date(s) for submission of the Major Phase Application or Sub-Phase Application in the Schedule of Performance (as the same may be amended);

(d) enter into an Approved Assignment and Assumption Agreement, as set forth in Section 21.6, and further provided, the Approved Assignment and Assumption Agreement does not release Developer of its obligations hereunder as to the applicable Major Phase or Sub-Phase;

(e) provide Base Security and any Adequate Security as and to the extent required under Article 26, which shall apply to the obligations assumed by the Transferee unless replacement Base Security or Adequate Security is provided by the Transferee and Approved by the Authority Director; and

(f) have not been suspended, disciplined, debarred or prohibited from contracting with the City or the Authority (nor have any of their principals, members, officers, partners, owners, managers, or agents been so suspended, disciplined, debarred or prohibited from contracting).

Developer and any proposed Transferee shall provide detailed information to the Authority to demonstrate the Transferee's satisfaction of the above requirements, a proposed Assignment and Assumption Agreement, and such additional documents and materials as are reasonably requested by the Authority Director. Upon the Authority Director's receipt of the foregoing, the Authority Director shall submit the proposed Transfer to the Authority Board at the next regularly-scheduled meeting of the Authority Board for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with Authority standard practices. The Authority Board shall Approve or disapprove a request for Transfer. The consideration, if any, paid by the Transferee to Developer in connection with the proposed Transfer shall be treated in accordance with the Financing Plan.

21.2 Developer's Right to Transfer Lots. Subject to satisfaction of the conditions set forth in Section 10.7, Developer (and any Transferee) shall have the right without separate Approval of Authority pursuant to this Article 21 to Transfer Lots to Vertical Developers in accordance with the requirements of this DDA, including Article 17.

21.3 Developer Affiliate Transfers; Reorganizations. Developer shall have the right at any time to Transfer all or a portion of its rights and corresponding obligations under this DDA without the Approval of the Authority (except as set forth in this Section 21.3) if (i) Developer is not then in Material Breach, (ii) the Transferee is Controlled by Developer or by a Person that Controls Developer, or the Transferee is Approved by the Authority Director if the Transferee is an Affiliate of Developer that is not Controlled by Developer or by a Person that Controls Developer and (iii) the Transferee or Persons Controlling the Transferee satisfy the Experience Requirement. Any such Transfer may be effected by the consolidation or merger of Developer into or with any other business organization whether or not Developer is the surviving entity under applicable law if the foregoing requirements are otherwise met. Any Transferee under this Section 21.3 shall be deemed an Affiliate of Developer, and therefore a Developer Party, under this DDA, and accordingly, (A) Developer's Base Security and any Adequate Security shall apply to the obligations assumed

by the Transferee unless replacement Base Security or Adequate Security is provided by the Transferee and Approved by the Authority Director, and (B) the cross-default provisions set forth in Sections 3.8, 16.1 and 16.4 shall apply to Events of Default by Developer and the Transferee. Notwithstanding the foregoing, Developer may request that the cross-default provisions of this DDA not apply as between Developer and the Transferee in connection with any Transfer to an Affiliate under this Section 21.3, provided, that any such request shall be subject to review and Approval by the Authority Board in its sole discretion.

21.4 One Developer Retains Responsibility for All Infrastructure Within Each Major Phase. Before the receipt of a Major Phase Approval, Developer may Transfer all of its rights and obligations under this DDA for the entirety of a Major Phase (other than the Initial Major Phase) to a Transferee subject to the Authority Board's Approval as set forth in Section 21.1. Following a Major Phase Approval, Developer (or a Transferee, if applicable) shall have the right to Transfer the obligation for submitting all Sub-Phase Applications and Completing any or all Infrastructure for Sub-Phases within that Major Phase (excluding any Transferable Infrastructure within a Lot that is to be constructed by a Vertical Developer), and Transfer the obligation under this DDA to submit Sub-Phase Applications or to Complete any or all Infrastructure for Sub-Phases within that Major Phase to any other Person Approved by the Authority under Section 21.5; provided, however, that Developer and the Transferee of that Major Phase, if applicable shall not be released from the obligations hereunder to submit Sub-Phase Applications and to Complete all Infrastructure within that Major Phase, and shall remain ultimately responsible for performance thereof. Developer may enter into construction contracts and similar agreements with third parties as may be needed to assist Developer or the Transferee of that Major Phase, as applicable, in satisfying the foregoing obligations, which contracts or agreements shall not be subject to Approval by the Authority under Section 21.5, provided, however, that no such contract or agreement shall serve to release Developer from its obligations to submit Sub-Phase Applications and to Complete all Infrastructure within that Major Phase.

21.5 Authority's Approval of a Transfer. In addition to the Transfers permitted by Sections 21.1 through 21.3, Developer may Transfer some or all of its interest in this DDA with the Approval of the Authority Board, which the Authority Board may give or withhold in its sole discretion. Developer may also Transfer a portion of its interest in this DDA that is less than an entire Major Phase but includes the remainder of an entire Major Phase, together with the corresponding rights and obligations of Developer under this DDA, if the Authority Board Approves the proposed Transferee and the proposed Assignment and Assumption Agreement, which Approval shall not be unreasonably withheld if the Transferee, or Persons Controlling the Transferee, satisfy the Net Worth Requirement and the Experience Requirement, and the Assignment and Assumption Agreement meets the applicable requirements of Section 4.1.

21.6 Assignment and Assumption Agreement; Release.

21.6.1 Any Transfer described in Sections 21.1 and 21.3 through 21.5 (other than a transfer of the obligation to complete Transferable Infrastructure in accordance with Section 7.2) shall be under an Assignment and Assumption Agreement that includes: (a) a legal description of any real property being Transferred; (b) a detailed description of the

rights and obligations under this DDA to be assigned to and assumed by Transferee, which must include all of the Indemnifications and releases by Developer in this DDA and in the Developer consent attached to the Interagency Cooperation Agreement and shall expressly recite any obligations of Developer that will not be Transferred (e.g., the Parties understand and agree that upon any such assignment and assumption, all references to Developer in this DDA, excluding references in Sections 1.3 and 21.13, shall include the Transferee except as expressly noted in the Assignment and Assumption Agreement); (c) the obligations under this DDA that are assumed by the Transferee; (d) the Transferee's obligations under the Housing Plan, and an acknowledgement of the Authority's rights if Inclusionary Milestones under the Housing Plan are not satisfied with respect to the Project as a whole; (e) an agreement and covenant by the Transferee not to challenge the enforceability of any of the provisions or requirements of this DDA, including, if such Lots will contain a Residential Project, an agreement and covenant by the Transferee for the benefit of the Authority and Developer regarding the non-applicability of the Costa-Hawkins Act as set forth in section 9 of the Housing Plan; (f) if the Infrastructure for any adjoining real property is not Completed, an assumption of the risk of non-Completion and a waiver and release for the benefit of the Authority and the City regarding any failure to Complete the Infrastructure; and (g) such other matters as are deemed appropriate by Developer and are Approved by the Authority Director. Each such Assignment and Assumption Agreement must be in recordable form and Approved by the Authority Director, although the Authority Director may elect, in his or her sole discretion, not to Approve any Assignment and Assumption Agreement (i) that does not include the items listed above, or (ii) if Developer is then in Material Breach of its obligations under this DDA.

21.7 Exceptions. The provisions of this Article 21 shall not be deemed to prohibit or otherwise restrict Developer's (i) grant of easements, leases, subleases, licenses or permits to facilitate the development, operation and use of the Project Site, in whole or in part, (ii) grant or creation of a Mortgage permitted under Article 20, (iii) sale or transfer of all or any portion of the Project Site or any interest in the Project Site pursuant to a foreclosure or the exercise of a power of sale contained in such a Mortgage or any other remedial action in connection with the Mortgage, or a conveyance or transfer in lieu of foreclosure or exercise of such power of sale, or (iv) any Transfer to the Authority, the City, or any other Governmental Entity contemplated by this DDA. In addition, nothing in this Article 21 shall require the Authority to Approve any Transfer (excluding a Transfer of Lots) by Developer if Developer is in Material Breach.

21.8 Notice of Transfer. For any Transfer permitted under this Article 21 (but not including under Section 21.2) without the Approval of the Authority, Developer shall provide the Authority with notice of any Transfer not less than thirty (30) days before the effective date of the Transfer (unless a shorter period is Approved by the Authority Director in his or her sole discretion). Developer shall include with such notice the identity, address, contact person and telephone number of the proposed Transferee, the proposed Assignment and Assumption Agreement, including a clear statement of the assumed obligations of Developer under this DDA and satisfactory evidence that the proposed Transferee possesses the required qualifications. Developer shall also provide any additional information and materials reasonably requested by the Authority Director. This provision shall not create any obligation on or duty of a Mortgagee other than as set forth in Article 20.

21.9 Transfer of DDA Obligations and Interests in Property. Other than with respect to a Mortgagee whose security does not include real property, (i) Developer's rights and obligations under this DDA may be Transferred only in conjunction with the Transfer of the portion of the real property (or the right to acquire such real property on the terms of this DDA) to which the rights and obligations apply and (ii) the Transferee shall succeed to all of Developer's rights (including without limitation the right to Transfer) and obligations under this DDA that relate to the property or development opportunity Transferred. Developer may effectuate a Transfer of real property through a ground lease transaction, subject to the Authority Director's Approval in his or her sole discretion.

21.10 Liability for Default. No Third Party Transferee shall be liable for the default by Developer or another Transferee in the performance of its respective obligations under this DDA, and Developer shall not be liable for the default by any Third Party Transferee in the performance of its respective obligations; provided, that the foregoing provision shall not (i) be applicable to either a Transferee or Developer to the extent either has assumed such obligation under the terms of the applicable Assignment and Assumption Agreement or retained such obligation in accordance with Section 21.4 of this DDA, or (ii) limit the Authority's right to proceed against Developer and Affiliates of Developer upon an Event of Default by Developer or any Affiliate of Developer. Except as provided in this Section 21.10 and in Sections 3.8 and 16.4, a failure to submit an Application or an Event of Default by Developer or a Transferee shall not entitle the Authority to terminate this DDA, or otherwise affect any rights under this DDA, for any portion of the Project Site that is not owned or Controlled by the Person that is in default.

21.11 Restrictions on Speculation. Except as provided in Section 21.1, 21.3, 21.4 and 21.5, no Sub-Phase or Lot may be Transferred by Developer until Developer has provided, and continues to maintain, Adequate Security for the performance of its obligations to Complete the Infrastructure in that Sub-Phase until Completion of such Infrastructure. This restriction on Transfer, and the Authority's rights under the Reversionary Quitclaim Deeds as set forth in this DDA, satisfy the requirements of section 33437 of the CCRL.

21.12 Restrictions on Transfer by the Authority. During the Term, the Authority shall not Transfer any portion of the Project Site to any Person where such Transfer would materially adversely impair Developer's or a Vertical Developer's performance under this DDA or the uses, densities, rights or intensity of development contemplated under this DDA. The foregoing shall not preclude the grant of easements, leases, subleases, licenses or permits to facilitate the development, operation and use of the Project Site as contemplated by this DDA. The Authority may Transfer the Authority Housing Lots only to the City, TIHDI or Qualified Housing Developers, only for the development of Authority Housing Projects as set forth in the Housing Plan. Prior to the issuance of the final Certificate of Completion for all Improvements contemplated hereunder, except as otherwise provided herein, the Authority shall retain all Public Property designated for parks or open space. The Authority shall have the right to Transfer all or any portion of the Redevelopment Plan Area that is not included in the Project Site, and any of the Authority's rights and obligations under this DDA by operation of law, without the Approval of Developer; provided, however, that Authority shall provide under the terms of any such Transfer that development of such area is performed consistent with the Redevelopment Documents. In addition, so long as TICD

remains the Developer for any Major Phase, Authority shall further provide under the terms of any such Transfer that development of the Transferred area comply with zoning and development standards equal to or more stringent than those applicable to Residential and Mixed Use Districts described in the Design for Development as of the Effective Date hereof.

21.13 Certain Recordkeeping. Developer and its Transferees are treated as one for purposes of the sharing of Net Cash Flow under section 1.3 of the Financing Plan. Developer shall require each Transferee to create and maintain, with respect to its development at the Project Site (excluding any Vertical Improvements), the same reports, records and information that Developer is required to create and maintain with respect to its development at the Project Site. Developer shall gather and compile all such information and prepare an integrated Annual Report for purposes of all accounting and record keeping under the Financing Plan, including but not limited to maintaining records of the Project Accounts, Project Costs, Distributions and Funding Sources. The Authority shall have the same audit rights against all Transferees as the Authority has against Developer, and all applicable reports, records and information of Transferees shall be made available to the Authority at its request in accordance with the Financing Plan.

22. General Developer and Vertical Developer Indemnification; Insurance.

22.1 General Developer Indemnification. Developer shall Indemnify the Authority and the City and their respective commissioners, supervisors, officers, employees, attorneys, contractors and agents (each, a “City Party”) from and against all claims, demands, losses, liabilities, damage, liens, obligations, interest, injuries, penalties, fines, lawsuits or other proceedings, judgments and awards and costs and expenses (including reasonable attorneys’ fees and costs, consultant fees and costs and court costs) of whatever kind or nature, known or unknown, contingent or otherwise, including the reasonable costs to the Authority of carrying out the terms of any judgment, settlement, consent, decree, stipulated judgment or other partial or complete termination of an action or procedure that requires the Authority to take any action (collectively “Losses”) arising from or as a result of, except to the extent such Losses are directly or indirectly caused by the act or omission of a City Party, (a) the non-compliance of the Infrastructure constructed by or on behalf of Developer with any federal, State or local laws or regulations, including those relating to access, or any patent or latent defects therein, (b) during the period of time that Developer holds title to any portion of the Project Site, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Project Site and (c) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in or around the Project Site to the extent caused by the act or omission of Developer or its agents, servants, employees or contractors.

In addition to the foregoing, Developer shall Indemnify the City Parties from and against all Losses (if a City Party has been named in any action or other legal proceeding) and all Authority Costs incurred by a City Party (if the City Party has not been named in the action or legal proceeding) arising directly or indirectly out of or connected with contracts or agreements (i) to which no City Party is a party and (ii) entered into by Developer in connection with its

performance under this DDA, any Assignment and Assumption Agreement and any dispute between parties relating to who is responsible for performing certain obligations under this DDA (including any record keeping or allocation under the Financing Plan), except to the extent such Losses were caused by the act or omission of a City Party. For purposes of the foregoing sentence, no City Party shall be deemed to be a "party" to a contract solely by virtue of having Approved the contract under this DDA (e.g., an Assignment and Assumption Agreement).

22.2 General Vertical Developer Indemnification. Each Vertical Developer agrees to and shall Indemnify the City Parties from and against all Losses, except to the extent such Losses are caused by the act or omission of a City Party, arising from or resulting from (a) the non-compliance of the Vertical Improvements and any Infrastructure constructed by Vertical Developer with any federal, State or local laws or regulations, including those relating to access, or any patent or latent defects therein, (b) during the period of time that Vertical Developer holds title to any portion of the Project Site, the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person that shall occur in such portion of the Project Site and (c) the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person in and around the Project Site to the extent caused by the act or omission of Vertical Developer or its agents, servants, employees or contractors.

22.3 Other Remedies. The agreements to Indemnify set forth in Sections 22.1 and 22.2 are in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities that Developer or Vertical Developer may have to the Authority under this DDA, except as may be limited by the provisions of Article 16.

22.4 Defense of Claims. The Authority agrees to give prompt notice to Developer or Vertical Developer (as the case may be, the "**Indemnifying Party**") with respect to any suit filed or claim made against the Authority (or, upon the Authority's discovery thereof, against any City Party that the Authority believes in good faith is covered by any Indemnification given by Developer or Vertical Developer under this DDA) no later than the earlier of (a) ten (10) days after valid service of process as to any filed suit or (b) fifteen (15) days after receiving notification of the assertion of such claim, which the Authority has good reason to believe is likely to give rise to a claim for Indemnification hereunder by the Indemnifying Party. The failure of the Authority to give such notice within such timeframes shall not affect the rights of the Authority or obligations of the Indemnifying Party under this DDA except to the extent that the Indemnifying Party is prejudiced by such failure. The Indemnifying Party shall, at its option but subject to Approval by the Authority, be entitled to control the defense, compromise or settlement of any such matter through counsel of the Indemnifying Party's choice; provided, that in all cases the Authority shall be entitled to participate in such defense, compromise or settlement at its own expense. If the Indemnifying Party shall fail, however, in the Authority's reasonable judgment, within a reasonable time following notice from the Authority alleging such failure, to take reasonable and appropriate action to defend, compromise or settle such suit or claim, the Authority shall have the right promptly to hire counsel to carry out such defense, compromise or settlement, and the reasonable expense of the Authority in so doing shall be due and payable to the Authority within fifteen (15) days after receipt by the Indemnifying Party of a properly detailed invoice for such expense.

22.5 Limitations of Liability. It is understood and agreed that no commissioners, members, officers, agents, or employees of the Authority (or of its successors or assigns) shall be personally liable to Developer or any Vertical Developer, nor shall any direct or indirect partners, members or shareholders of Developer or Vertical Developer or its or their respective officers, directors, agents or employees (or of their successors or assigns) be personally liable to the Authority, in the event of any default or breach of this DDA by the Authority, Developer or any Vertical Developer or for any amount that may become due to Developer, any Vertical Developer or the Authority or any obligations under the terms of this DDA; provided, that the foregoing shall not release obligations of a Person that otherwise has liability for such obligations, such as (i) the general partner of a partnership that, itself, has liability for the obligation or (ii) the obligor under any Adequate Security covering such obligation. Further, notwithstanding anything to the contrary set forth in this Article 22, the Indemnifications by Developer in Article 22 shall exclude any Losses relating to Hazardous Substances, which shall be instead governed by the Land Acquisition Agreements, Permits to Enter and Article 11.

22.6 Insurance Requirements. As a part of each Major Phase Application, Developer shall propose the form, amount, type, terms and conditions of insurance coverages required of Developer in connection with such Major Phase, including those required under Section 11.3, and the final insurance requirements shall be included in each Major Phase Approval (the “**Insurance Requirements**”).

23. Authority Indemnification.

23.1 Indemnification. The Authority shall Indemnify Developer and its owners and the members, directors, officers, partners, employees, agents, successors and assigns of each of them from and against all Losses arising from or as a result of the non-compliance of the Authority with the provisions of sections 33413 and 33490 of the CCRL except to the extent that such Losses are directly or indirectly caused by the negligent or willful act of Developer, including Developer’s failure to comply with its obligations under the Housing Plan.

23.2 Other Remedies. The agreement to Indemnify set forth in Section 23.1 is in addition to, and in no way shall be construed to limit or replace, any other obligations or liabilities that the Authority may have to Developer under this DDA, except as may be limited by the provisions of Article 16.

24. Excusable Delay; Extension of Times of Performance.

24.1 Excusable Delay. In addition to the specific provisions of this DDA, a Party shall not be deemed to be in default under this DDA, including all Exhibits, on account in any delay in such Party’s performance to the extent the delay results from any of the following (each, “**Excusable Delay**”):

24.1.1 “**Force Majeure**”, which means: war; acts of terrorism; insurrection; strikes or lock-outs not caused by, or outside the reasonable control of, the Party claiming an extension; riots; floods; earthquakes; fires; casualties; acts of nature; acts of the public

enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation not caused by, or outside the reasonable control of, the Party claiming an extension; failure or delay in delivery of utilities serving the Project Site not caused by, or outside the reasonable control of, the Party claiming an extension, existing environmental conditions affecting the Project Site that are not the responsibility of Developer under a Remediation Agreement, and previously unknown environmental conditions discovered on or affecting the Project Site or any portion thereof, in each case including any delay caused or resulting from the investigation or remediation of such conditions; existing unknown or newly discovered geotechnical conditions affecting the Project Site, including any delay caused or resulting from the investigation or remediation of such conditions, or litigation that enjoins construction or other work on the Project Site or any portion thereof, causes a lender to refuse to fund, disburse or accelerate payment on a loan, or prevents or suspends construction work on the Project Site except to the extent caused by the Party claiming an extension; unusually severe weather; inability to secure necessary labor, materials or tools (provided that the Party claiming Force Majeure has taken reasonable action to obtain such materials or substitute materials on a timely basis); a development moratorium, as defined in section 66452.6(f) of the California Government Code, extending the expiration date of a tentative subdivision map; the occurrence of a Conflicting Law; a breach of Authority's Title Covenant, including any delay caused or resulting from the ensuing time necessary for Authority or Developer to remove such title exception, including litigation arising therefrom; and any other causes beyond the reasonable control and without the fault of the Party claiming an extension of time to perform;

24.1.2“**Economic Delay**”, means either (1) any period of time in which Market Rate Lots containing thirty percent (30%) or more of the number of Market Rate Units as set forth in the Housing Data Table approved for any given Sub-Phase remain unsold at or above the Minimum Bid Price(s) set forth in the Proforma submitted by Developer at the commencement of the applicable Major Phase (as such Proforma may be updated at a subsequent Sub-Phase in accordance with this DDA), for a period of no less than four (4) months after the last Market Rate Developable Lot in the Sub-Phase has been completed, notwithstanding commercially reasonable and diligent efforts by Developer to market and sell such Market Rate Lots (a “Sub-Phase Event”); or (2) any period of time in which Market Rate Lots containing thirty percent (30%) or more of the number of Market Rate Units as set forth in the Housing Data Tables for all Sub-Phases approved to date remain unsold at or above the Minimum Bid Price(s) set forth in the Proforma submitted by Developer at the commencement of the most recent Major Phase (as such Proforma may be updated at a subsequent Sub-Phase in accordance with this DDA), for a period of no less than four (4) months after the last Market Rate Developable Lot in the applicable Sub-Phase has been completed, notwithstanding commercially reasonable and diligent efforts by Developer to market and sell such Market Rate Lots (a “Cumulative Sub-Phase Event”). The foregoing notwithstanding, Market Rate Lots designated in the Housing Data Table approved at the commencement of any given Sub-Phase to accommodate buildings over 240 feet in height (each, a “High Rise Lot”) and realized land sales attributable to those Market Rate Lots shall be excluded from calculations of both a Sub-Phase Event and a Cumulative Sub-Phase Event for a period of time equal to the first six (6) years after the date of approval of the first Sub-Phase application in the first Major Phase. From and after the sixth anniversary of the date of approval of the first Sub-Phase application in the first Major Phase, all Market Rate Lots in

any given Sub-Phase, including High Rise Lots, shall be included in any calculations determining a Cumulative Sub-Phase Event, but shall not be included in any calculations for determining a Sub-Phase Event. Notwithstanding the foregoing, if the sole reason for Economic Delay is due to the inclusion of unsold High Rise Lots in a Cumulative Sub-Phase Event and such condition remains for more than four (4) years, the Developer at its option, shall either waive the Economic Delay or, if it elects not to waive the Economic Delay, Developer may deliver a Requested Change Notice regarding a redesign of the High Rise Parcels as necessary to reposition the Project for market acceptance.

24.1.3“**Administrative Delay**”, which means: (i) any Governmental Entity’s failure to act within a reasonable time, in keeping with standard practices for such Governmental Entity, or within the time contemplated in the Interagency Cooperation Agreement, any of the Land Acquisition Agreements, the Tax Allocation Agreement, any Acquisition and Reimbursement Agreement or this DDA (after a timely request to act or when a duty to act arises); (ii) the taking of any action, or the failure to act, by any Governmental Entity where such action or failure to act is challenged by Developer or a Vertical Developer and the Governmental Entity’s act or failure to act is determined to be wrong or improper; provided, that delays caused by an applicant’s failure to submit Complete Applications or provide required information shall not, by itself, be an Administrative Delay; and (iii) any delay that by the express terms of this DDA is an Administrative Delay; or

24.1.4“**CEQA Delay**”, which means: (i) such period as may be required to complete any additional environmental review required under CEQA after the certification of the Project EIR by the Planning Commission and the Authority Board and the filing of a notice of determination following approval of the Project by the Board of Supervisors; (ii) any time during which there are litigation or other legal proceedings pending involving the certification or sufficiency of the Project EIR or any other additional environmental review, regardless of whether development activities are subject to a stay, injunction or other prohibition on development action; and (iii) any time required to comply with any Mitigation Measures imposed on the Project relating to previously unknown conditions or conditions that could not have been reasonably anticipated and that, by their nature require a delay or stoppage in work, including investigation and remediation activities required thereby, provided that the Party claiming delay is taking such required actions and resolving the issues causing delay in a timely and diligent manner; and (iv) any time required by the Authority or City to prepare additional environmental documents in response to a pending Application or other request for an Approval by the City or the Authority that requires additional environmental review; provided that the Party claiming delay has timely taken reasonable actions to obtain any such Approval or action.

Notwithstanding anything to the contrary in this Section 24.1, the following shall not be Excusable Delay: (1) the lack of credit or financing, unless such lack is the result of Economic Delay; or (2) the appointment of a receiver to take possession of the assets of Developer or Vertical Developer, as applicable, an assignment by Developer or Vertical Developer, as applicable, for the benefit of creditors, or any other action taken or suffered by Developer or Vertical Developer, as applicable, under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute.

24.2 Period of Excusable Delay. The period of an Excusable Delay shall commence to run from the time of the commencement of the cause. Except for CEQA Delay, the Party claiming Excusable Delay shall provide notice to the other applicable Parties of such Excusable Delay within a reasonable time following the commencement of the cause. If, however, notice by the Party claiming such extension is sent to the other Parties more than sixty (60) days after the commencement of the cause, the period shall commence to run only sixty (60) days before the giving of such notice, provided that the Party claiming the extension gives notice within a reasonable time following the commencement of the cause.

24.2.1 Each extension for Excusable Delay shall cause all future dates in the Schedule of Performance, or other date for performance occurring after the date of the notice, to be extended (in each case as they may otherwise be extended), although Developer shall not be entitled (A) to abandon any portion of the Project Site that it owns or where it has Commenced Infrastructure without first taking appropriate measures to leave the property in good and safe condition, (B) to extend the Outside Dates for the Completion of Infrastructure or other Improvements that have Commenced to the extent that Excusable Delay is not related to such activities, (C) to cease paying taxes or assessments on any real property it owns within the Project Site, (D) to avoid the obligation to maintain in effect Adequate Security or other financial assurances, (E) to avoid or delay its obligations to construct the Required Improvements, except to the extent an Excusable Delay relates to Developer's obligations for such construction, or (F) to avoid or delay its payment obligations under Article 19, the Housing Plan, the Community Benefits Plan, the Financing Plan, the Transition Rules and Regulations, the Parks and Open Space Plan, the Transportation Plan, the Schedule of Performance or elsewhere in this DDA (except to the extent such payments are tied to the dates for the Completion of Improvements). In addition, Developer shall not be entitled to an Economic Force Majeure extension to extend the date for Completion of the Pre-Sale Infrastructure for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to demolition of the existing YBI units.

24.2.2 Times of performance under this DDA may also be extended in writing by the Authority and Developer for the Infrastructure and the other obligations of Developer or the Authority hereunder, and by the Authority and any Vertical Developer for Vertical Improvements and other obligations of such Vertical Developer under this DDA or under the Vertical DDA signed by such Vertical Developer, each acting in its respective sole and absolute discretion.

24.3 Developer Extension.

24.3.1 Upon receipt of each Major Phase Approval, Developer shall obtain a **"Developer Extension"** equal to two (2) years. On any occasion in its sole discretion, Developer shall have the right to apply the Developer Extension subject to the following limitations and procedures: (i) Developer may apply the Developer Extension only by notifying the Authority to such effect, specifying the duration of such extension; (ii) by notice to the Authority Developer may extend the duration of the extension, so long as it remains within the then unused Developer Extension, and may reduce the duration of the extension upon notification that there is an applicable Excusable Delay and Developer intends to rely on the Excusable Delay instead of the Developer Extension; (iii) subject to the

limitations in Section 24.3.2 below, each extension notice shall have the effect of extending (or reducing, as the case may be) all of the Outside Dates in the Schedule of Performance or other date for performance occurring after the date of the notice (in each case as they may otherwise be extended) by the duration of such extension (or reduction); (v) no such extension may be for a period longer than the unused portion of the then current Developer Extension; and (vi) any unused portion of a Developer Extension obtained upon a Major Phase Approval shall expire upon Completion of the Infrastructure for that Major Phase. Extensions pursuant to this Section 24.3 are independent of Excusable Delay and any other ground for extension permitted in this DDA.

24.3.2 A Developer Extension shall cause all future dates in the Schedule of Performance, or other date for performance occurring after the date of the notice, to be extended (in each case as they may otherwise be extended), although Developer shall not be entitled (A) to abandon any portion of the Project Site that it owns or where it has Commenced Infrastructure without first taking appropriate measures to leave the property in good and safe condition, (B) to cease paying taxes or assessments on any real property it owns within the Project Site, (C) to avoid the obligation to maintain in effect Adequate Security or other financial assurances, (D) to extend the dates for performance for the Required Improvements, (E) to extend the date for Completion of the Infrastructure for the Authority Housing Lot designated for satisfaction of the Replacement Housing Obligation related to demolition of the existing YBI units, or (F) to avoid or delay its payment obligations under Article 19, the Housing Plan, the Community Benefits Plan, the Financing Plan, the Transition Rules and Regulations, the Parks and Open Space Plan, the Transportation Plan, the Schedule of Performance or elsewhere in this DDA (except to the extent such payments are tied to the dates for the Completion of Improvements).

24.4 Park Extension. Developer and the Authority wish to avoid damaging the Improvements to the parks and open space during construction of adjacent Improvements, and to avoid the Completion of such parks and open space Improvements before the Completion of the Infrastructure serving the parks and open space. Accordingly, subject to compliance with the Mitigation Measures, Developer shall have the right to apply for an extension of the applicable Outside Date for a specified parks and open space by one (1) year (the "**Park Extension**") by submitting request for such extension to the Authority on or before the applicable Outside Date. Approval for such extension shall not be unreasonably withheld if Developer satisfactorily demonstrates that such extension is necessary to avoid damaging the Improvements to the parks and open space during construction of adjacent Improvements, and to avoid the Completion of such parks and open space Improvements before the Completion of the Infrastructure serving the parks and open space.

24.5 Limitations. In the event that an Excusable Delay exceeds twelve (12) months (except as set forth in the last sentence of this Section 24.5), the Parties shall meet and confer in good faith on mutually acceptable changes to the Project that will allow development of the Project to proceed to the extent possible notwithstanding the event or events causing such Excusable Delay. Notwithstanding anything to the contrary in this DDA, in no event shall an Excusable Delay extend for a period greater than (i) for litigation, three (3) months after a final, non-appealable judgment is issued or affirmed and (ii) for all other events other than Administrative Delay, CEQA Delay, Economic Force Majeure or Force Majeure triggered by

earthquake or flood, forty-eight (48) months after the start of the Excusable Delay. There shall be no cutoff date for an Administrative Delay, new environmental conditions or CEQA Delay.

24.6 Extensions for Delay under Land Acquisition Agreements. The Parties acknowledge and agree that the Navy's schedule for the phased conveyances of the Project Site to the Authority is revised from time to time by the Navy to reflect the Navy's progress in remediating such property. Upon Developer's request, the Authority Director will consider, in his or her reasonable discretion, changes to the Schedule of Performance to extend the applicable Outside Dates so as to avoid having Applications submitted significantly in advance of when necessary based upon the anticipated date of conveyances by the Navy (or other parties under other Land Acquisition Agreements), but still far enough in advance to permit Developer to Commence Infrastructure when the applicable real property will be available; provided, this potential extension of the Schedule of Performance shall not be used or applied for delays under the Land Acquisition Agreements caused by Developer.

25. Cooperation and Assistance.

25.1 Interagency Cooperation Agreement. The Authority shall perform its obligations under the Interagency Cooperation Agreement and shall use commercially reasonable efforts to cause the City Agencies to perform their respective obligations under the Interagency Cooperation Agreement.

25.2 Authority and Developer Rights and Obligations Under Land Acquisition Agreements. As a part of the land acquisition required or contemplated for the Project, the Authority plans to enter into the Conveyance Agreement and the Public Trust Exchange Agreement (collectively, the "**Land Acquisition Agreements**"). In furtherance of the foregoing, the Authority shall, to the extent Developer continues to have rights under this DDA with respect to the affected real property: (a) use good faith efforts to include Developer in any meetings between the Authority and any of the parties to the Land Acquisition Agreements with respect to the subject matter thereof, and deliver to Developer a copy of any material written notice sent or received by the Authority under any of the Land Acquisition Agreements; (b) consult with Developer regarding any material written notice that the Authority desires to deliver under any Land Acquisition Agreement; (c) not send any material written notice that the Authority desires to deliver under any Land Acquisition Agreement without the Approval of Developer; (d) coordinate with Developer regarding any closing or other material actions under any of the Land Acquisition Agreements; (e) closely coordinate with Developer in connection with any Dispute Resolution process under the Conveyance Agreement; and (e) not take any actions under any of the Land Acquisition Agreements that would materially adversely impact Developer without the Approval by Developer (unless the failure to take such action would result in an Authority breach of the Land Acquisition Agreement), including any termination or material amendment of a Land Acquisition Agreement. The Authority shall make available to Developer upon written request any written notices or third-party communications, and any non-privileged materials, in the Authority's possession regarding the Land Acquisition Agreements. Developer agrees

to reasonably cooperate with the Authority and to perform all acts required of Developer in order to effectuate the closings contemplated by the Land Acquisitions Agreements.

25.3 Cooperation Regarding Land Acquisition Agreements. The Authority will use commercially reasonable efforts to enforce its rights under the Land Acquisition Agreements; provided, that the Authority shall not be required to spend funds for such efforts that do not constitute an Authority Project Cost unless otherwise Approved by the Authority Board. Developer will reasonably cooperate with the Authority in such efforts, including by providing access to the Authority, the Navy and their designated representatives and promptly delivering to the Authority any non-privileged materials in Developer's possession that may be required under the Land Acquisition Agreements.

26. Adequate Security.

26.1 Certain Definitions. As used herein:

"**Adequate Security**" means any security provided by Developer in accordance with this DDA that (i) secures the faithful performance or payment of the obligation secured thereby, (ii) is issued by a Person Approved by the Authority Director (and that meets the Guarantor Net Worth Requirement, if applicable), (iii) provides that the maximum liability of the obligor thereunder shall be equal to the Secured Amount plus the costs of enforcing such Adequate Security and (iv) is in a form determined by Developer and Approved by the Authority Director, including, but not limited to a Corporate Guaranty, bonds, letters of credit, certificates of deposit or any other form that provides reasonable assurances regarding the obligations secured thereby. Any Adequate Security required by the TI/YBI Subdivision Code in connection with a final subdivision map shall conform to the requirements of the TI/YBI Subdivision Code;

"**Corporate Guaranty**" means a guaranty in the form attached hereto as Exhibit P with only such changes as may be Approved by Developer and the Authority Director in their respective sole and absolute discretion executed by a Person (i) with a Net Worth greater than the Secured Amount, and in no event less than Fifty Million Dollars (\$50,000,000) (such \$50,000,000 amount to be increased, automatically, by ten percent (10%) on each five (5) year anniversary of the Effective Date) (the "**Guarantor Net Worth Requirement**") and (ii) that is otherwise reasonably acceptable to the Authority Director (each, a "**Guarantor**"); and

"**Secured Amount**" means, unless otherwise specifically provided in this Agreement, (i) if securing an obligation to pay money, one hundred percent (100%) of the amount of such secured payment and (ii) if securing an obligation to construct, one hundred percent (100%) of the estimated cost of Completion of such construction as such cost is Approved by the Authority Director and Developer with reference to the applicable construction contracts entered into by Developer.

26.2 Base Security.

26.2.1 Base Security. Developer shall provide one or more Corporate Guaranties or other Adequate Security for the payment of Authority Costs and payment and performance of Indemnifications under this DDA (the "**Base Security**"). The Base Security shall include a cap on liability covered by the Base Security in the amount of Ten Million

Dollars (\$10,000,000) in each instance, provided such amount shall be increased automatically by ten percent (10%) on each five (5) year anniversary of the Reference Date (the "Base Security Cap"). Notwithstanding any Transfer under this DDA (and the provision of Base Security from more than one Party), there shall be no decrease in the Base Security Cap with respect to the Base Security provided by a Party. If Developer fails to pay Authority Costs or to fulfill an Indemnification obligation under this DDA (due to the Base Security Cap or otherwise), then such failure shall be a Material Breach as set forth in Section 16.2.3(c) or Section 16.2.3(d), as applicable.

26.2.2 Delivery by Developer. Within sixty (60) days after the Reference Date, (i) Developer shall replace the Original Project Guaranty with two separate Guaranty Agreements, one each from Lennar Corporation and Stockbridge Real Estate Fund II-A, LP, substantially in the form attached hereto as Exhibit ____, adding up to a total of the Base Security Cap, with only such changes as may be Approved by the Authority Director, and this shall become Developer's Base Security, and (ii) promptly following the full execution and delivery of this Base Security, the Authority shall release and return the Original Project Guaranty to Lennar. The Guaranty Agreements shall not be cross-defaulted and liability thereunder shall be several and not joint; provided, however, that at all times, Developer shall ensure that Authority has Base Security in place in the amount of the Base Security Cap from Person(s) that satisfies the requirements of this Section 26.

26.2.3 Delivery by Transferees. No later than the effective date of a Transfer by Developer under Article 21, either (i) Developer and the issuer of Developer's Base Security shall confirm in a manner acceptable to the Authority Director that Developer's Base Security secures all obligations of the Transferee described in Section 26.2.1, or (ii) the Transferee shall provide to the Authority new Base Security that secures all obligations of the Transferee as described in Section 26.2.1 and is Approved by the Authority Director. The effectiveness of the Authority Board's Approval of any Transfer under Article 21 shall be conditioned upon the Authority's receipt of such Base Security.

26.2.4 Return. The Authority shall return any unused portion of any Base Security five (5) years following the expiration or termination of this DDA with respect to the Party whose obligations are secured thereby.

26.3 Demonstration of Net Worth Requirement under Corporate Guaranty. Each Corporate Guaranty shall provide that the Guarantor thereunder shall, at the Authority's request to such Guarantor and Developer from time to time, provide reasonably satisfactory evidence to the Authority that such Guarantor satisfies the Guarantor Net Worth Requirement as of the date of such request; provided, that the Authority shall not make such request more than once in any calendar year unless the Authority reasonably believes that the Guarantor Net Worth Requirement is not then being satisfied. If such Guarantor or Developer does not or is unable to provide such evidence within twenty (20) days following such request, Developer shall within another twenty (20) days deliver to the Authority a new Corporate Guaranty (or other Adequate Security) from a Person that satisfies the Guarantor Net Worth Requirement.

26.4 Requirement for Adequate Security Prior to Sub-Phase Approval and Any Real Property Transfer. As set forth in the DRDAP, Developer shall provide with each Sub-Phase Application a form of Corporate Guaranty or other form of Adequate Security for all of Developer's obligations with respect to that Sub-Phase, including the obligation to Complete all of the Infrastructure and Associated Public Benefits associated with that Sub-Phase, but excluding: (i) the payment of Subsidies (for which Developer shall be obligated to provide Adequate Security at the times set forth in the Housing Plan); and (ii) the payment of Authority Costs, other Financial Obligations and Indemnification obligations that are secured by the applicable Base Security. Developer shall provide such Corporate Guaranty or other Adequate Security as set forth in the applicable Sub-Phase Approval no later than thirty (30) days after the Authority Director grants the applicable Sub-Phase Approval. The effectiveness of any Sub-Phase Approval shall be conditioned upon the Authority's receipt of such Corporate Guaranty or other Adequate Security.

26.5 Reduction and Release of Adequate Security. Any Adequate Security provided by Developer in accordance with this DDA shall be proportionately reduced upon partial satisfaction of the obligation secured thereby, to the extent Approved by the Authority or provided in such Adequate Security, or upon notice by Developer in accordance with Section 16.5.4 hereunder, be retained by Authority to the extent necessary to satisfy the requirements for recordation of the Reverter Release. Except as may otherwise be required to support the Reverter Release under Section 16.5.4, any Adequate Security shall be released upon the complete satisfaction of the obligation secured thereby; provided, however, that any Adequate Security given in accordance with the TI/YBI Subdivision Code shall be reduced and released in accordance with the TI/YBI Subdivision Code.

26.6 Substitution of Adequate Security. Developer shall have the right to substitute any Adequate Security provided to the Authority hereunder for another form of Adequate Security that meets all of the requirements or Approvals needed for it to be Adequate Security as defined in this DDA. Without limiting the generality of the foregoing, upon providing any security in the form required pursuant to the TI/YBI Subdivision Code as and when required thereby, any prior Adequate Security provided by Developer for that Infrastructure obligation shall be released or reduced to the extent of such required security.

27. Miscellaneous Provisions.

27.1 Incorporation of Exhibits and Attachments. Each Exhibit is hereby incorporated into and made a part of this DDA. Each Attachment is attached for reference and the convenience of the Parties.

27.2 Notices. Any notice or other communication given under this DDA by a Party must be given or delivered (i) by hand, (ii) by registered or certified mail, postage prepaid and return receipt requested, or (iii) by a recognized overnight carrier, such as Federal Express, in any case addressed as follows:

27.2.1 in the case of a notice or communication to the Authority,

Treasure Island Development Authority

San Francisco, California 9410_

Attn: Executive Director

with copies to:

Office of Economic and Workforce Development
City Hall, Rm. 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Director

and

Office of the City Attorney
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance

27.2.2 in the case of a notice or communication to Developer,

Treasure Island Community Development, LLC

Attn:

with a copy to:

Gibson Dunn & Crutcher LLP

Attn:

To be effective, every notice given to a Party under the terms of this DDA must be in writing and must state (or must be accompanied by a cover letter that states) substantially the following:

- (a) the Section of this DDA under which the notice is given;
- (b) if applicable, the action or response required;
- (c) if applicable, the period of time within which the recipient of the notice must respond thereto;

(d) if applicable, the period of time within which the recipient of the notice must cure an alleged breach;

(e) if applicable, that the failure to object to the notice within a stated time period will be deemed to be the equivalent of the recipient's approval or disapproval of the subject matter of the notice;

(f) if approval is being requested, shall be clearly marked "Request for Approval"; and

(g) if a notice of a disapproval or an objection that requires reasonableness, shall specify with particularity the reasons for the disapproval or objection.

Any mailing address may be changed by a Party at any time by giving notice of such change in the manner provided above, and any such change shall be effective ten (10) days thereafter (or such later date as is set forth in such notice). All notices under this DDA shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

27.3 Time of Performance.

27.3.1 All performance (including cure) dates expire at 5:00 p.m. on a Business Day (San Francisco, California time) on the applicable date for performance (including cure), as such date may be extended pursuant to the effect of Article 24 or any other extension of time permitted in this DDA.

27.3.2 Where the Outside Date (or other date set forth in this DDA) set forth in the Schedule of Performance is a calendar month without reference to a specific day in such month, or a year without reference to a specific month in such year, then the Outside Date shall be the last day in such month or year, as applicable.

27.3.3 Time is of the essence in the performance of all the terms and conditions of this DDA.

27.4 Extensions of Time.

27.4.1 The Authority, Developer or Vertical Developer may extend the time for the performance of any term, covenant or condition of this DDA by a Party owing performance to the extending party, or permit the curing of any related default, upon such terms and conditions as it determines appropriate; provided, however, any such extension or permissive curing of any particular default shall not operate to release any of the obligations of the Party receiving the extension or cure rights or constitute a waiver of the granting Party's rights with respect to any other term, covenant or condition of this DDA or any other default in, or breach of, this DDA.

27.4.2 In addition to matters set forth in Section 27.4.1, the Parties may extend the time for performance by any of them of any term, covenant or condition of this DDA by a written instrument signed by authorized representatives of such Parties without the

execution of a formal recorded amendment to this DDA, and any such written instrument shall have the same force and effect and impart the same notice to third parties as a formal recorded amendment to this DDA.

27.5 Attorneys' Fees.

27.5.1 Should any Party institute any action or proceeding in court or other dispute resolution mechanism permitted or required under this DDA, the prevailing party shall be entitled to receive from the losing party the prevailing party's reasonable costs and expenses incurred including, without limitation, expert witness fees, document copying expenses, exhibit preparation costs, carrier expenses and postage and communication expenses, and such amount as may be awarded to be reasonable attorneys' fees and costs for the services rendered the prevailing party in such action or proceeding. Attorneys' fees under this Section 27.5.1 shall include attorneys' fees on any appeal.

27.5.2 For purposes of this DDA, reasonable fees of attorneys and any in-house counsel shall be based on the average fees regularly charged by private attorneys with an equivalent number of years of professional experience in the subject matter area of the law for which the in-house counsel's services were rendered who practice in the City in law firms with approximately the same number of attorneys as employed by the City.

27.6 Eminent Domain. The exercise by the Authority of its eminent domain power, subject to the limits under the applicable Redevelopment Plan, with regard to any portion of the Project Site owned by Developer or any Vertical Developer in a manner that precludes or substantially impairs performance by Developer or any Vertical Developer of any of its material obligations (or would otherwise give rise to a default by Developer) hereunder shall constitute a Material Breach by the Authority.

27.7 Successors and Assigns; No Third-Party Beneficiary. Subject to the provisions of Article 21, this DDA shall be binding upon and inure to the benefit of the Mortgagees and transferees of Developer and any Vertical Developer and any transferee of the Authority. This DDA is made and entered into only for the protection and benefit of the Parties and their successors and assigns. No other Person shall have or acquire any right or action of any kind based upon the provisions of this DDA except as explicitly provided to the contrary in this DDA.

27.8 Estoppel Certificates. Any Party, within twenty (20) days after notice from any other Party, shall execute and deliver to the requesting Party and, if requested, any Mortgagee or prospective Mortgagee, an estoppel certificate stating:

27.8.1 whether or not this DDA is unmodified and in full force and effect. If there has been a modification of this DDA, the certificate shall state that this DDA is in full force and effect as modified, and shall set forth the modification, and if this DDA is not in full force and effect, the certificate shall so state; and

27.8.2 whether or not the responding Party is aware of any Event of Default (or event which, with notice or the passage of time or both, could be an Event of Default) by any other Party under this DDA in any respect and, if so, describing the same in detail.

27.9 Counterparts. This DDA may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same instrument. Such counterparts may be delivered by facsimile, electronic mail or other similar means of transmission.

27.10 Authority and Enforceability. Developer and the Authority each represents and warrants that the execution and delivery of this DDA, and the performance of its obligations hereunder, have been duly authorized by all necessary action, and will not conflict with, result in any violation of, or constitute a default under, any provision of any agreement or other instrument binding upon or applicable to it, or any present law or governmental regulation or court decree.

27.11 References. Wherever in this DDA the context requires, references to the masculine shall be deemed to include the feminine and the neuter and vice-versa, and references to the singular shall be deemed to include the plural and vice versa.

27.12 Correction of Technical Errors. If by reason of inadvertence, and contrary to the intention of Developer and the Authority, errors are made in this DDA in the identification or characterization of any title exception, in a legal description or the reference to or within any Exhibit with respect to a legal description, in the boundaries of any parcel (provided such boundary adjustments are relatively minor and do not result in a material change as determined by the Authority's counsel), in any map or drawing which is an Exhibit, or in the typing of this DDA or any of its Exhibits, Developer and the Authority by mutual agreement may correct such error by memorandum executed by both of them and replacing the appropriate pages of this DDA, and no such memorandum or page replacement shall be deemed an amendment of this DDA.

27.13 Brokers. Developer and the Authority each represents to the other that it has not employed a broker or a finder in connection with the execution and delivery of this DDA, and agrees to Indemnify the other from the claims of any broker or finder asserted through such Party.

27.14 Governing Law. This DDA shall be governed by and construed in accordance with the laws of the State of California. All references in this DDA to California or federal laws and statutes shall mean such laws, regulations and statutes as they may be amended from time to time, except to the extent a contrary intent is stated.

27.15 Effect on Other Party's Obligation. If Developer's, Vertical Developer's or the Authority's performance is excused or the time for its performance is extended under Article 24, the performance of the other Party that is conditioned on such excused or extended performance is excused or extended to the same extent.

27.16 Table of Contents; Headings. The Table of Contents is for the purpose of convenience of reference only and is not to be deemed as a part of this DDA or as supplemental hereto. Section and other headings are for the purpose of convenience of reference only and are not intended to, nor shall they, modify or be used to interpret the provisions of this DDA.

27.17 Numbers.

(a) Generally. For purposes of calculating a number under this DDA, any fraction equal to or greater than one half (1/2) shall be rounded up to the nearest whole number and any fraction less than one half (1/2) shall be rounded down to the nearest whole number.

(b) Number of Days. References in this DDA to days shall be to calendar days, unless otherwise specified; provided, that if the last day of any period to give notice, reply to a notice, meet a deadline or to undertake any other action occurs on a day that is not a Business Day, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding Business Day.

27.18 No Gift or Dedication. Except as otherwise specified in this DDA, this DDA shall not be deemed to be a gift or dedication of any portion of the Project Site to the general public, for the general public, or for any public use or purpose whatsoever. Developer shall have the right to prevent or prohibit the use of any portion of the property owned by it or any Vertical Developer, including common areas and buildings and improvements, by any Persons for any purpose inimical to the operation of a private, integrated mixed-use project as contemplated by this DDA. Any dedication must be evidenced by an express written offer of dedication to and written acceptance by the Authority, the City, the SFPUC, CFD or other Governmental Entity, as applicable, for such purposes by a recorded instrument executed by the owner of the property dedicated.

27.19 Severability. Except as is otherwise specifically provided for in this DDA for Conflicting Laws, invalidation of any provision of this DDA, or of its application to any Person, by judgment or court order shall not affect any other provision of this DDA or its application to any other Person or circumstance, and the remaining portions of this DDA shall continue in full force and effect, except to the extent that enforcement of this DDA as invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate a fundamental purpose of this DDA.

27.20 Entire Agreement. This DDA contains all of the representations and warranties and the entire agreement between the Parties with respect to the subject matter of this DDA. Any prior correspondence, memoranda, agreements, warranties or representations between the parties relating to such subject matter are incorporated into and superseded in total by this DDA. Notwithstanding the foregoing, this DDA shall not supersede the ENA, which shall remain in full force and effect according to its terms; provided, however, that so long as the DDA is in full force and effect, the terms of the DDA shall control in the event of any inconsistency. No prior drafts of this DDA or changes from those drafts to the executed version of this DDA shall be introduced as evidence in any litigation or other dispute resolution proceeding by Developer, Vertical Developers, the Authority or any other Person, and no court or other body shall consider those drafts in interpreting this DDA.

27.21 No Party Drafter; Captions. Although certain provisions of this DDA were drawn by the Authority and certain provisions were drawn by Developer, (i) the provisions of this DDA shall be construed as a whole according to their common meaning and not strictly

for or against any Party in order to achieve the objectives and purposes of the Parties, and
(ii) no Party nor its counsel shall be deemed to be the drafter of any provision of this DDA.

27.22 Conduct; Covenant of Good Faith and Fair Dealing. In all situations arising out of this DDA, subject to the provisions of Article 16 Developer and the Authority shall each attempt to avoid and minimize the damages resulting from the conduct of the other and shall take all reasonably necessary measures to achieve the provisions of this DDA. This DDA is subject to the covenant of good faith and fair dealing applicable under California law.

27.23 Further Assurances. Each of Developer and the Authority covenants, on behalf of itself and its successors, heirs and assigns, to take all actions and to do all things, and to execute, with acknowledgment or affidavit if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this DDA. The Authority Director is authorized to execute and deliver on behalf of the Authority any closing or similar documents and any contracts, agreements, memoranda or similar documents with State, regional and local entities or enter into any tolling agreement with any Person if the Authority Director determines that such execution and delivery are necessary or proper to achieve the purposes and objectives of this DDA and in the Authority's best interests.

27.24 Approvals.

(a) As used herein, "**Approval**" and any variation thereof (such as "Approved" or "Approve") refers to the prior written consent of the applicable Party or other Person. When used with reference to a Governmental Entity such terms are intended to refer to the particular form of consent or approval required from such Governmental Entity in order to obtain the Authorization being sought.

(b) Whenever Approval is required of Developer, any Vertical Developer, the Authority, the Authority Board or the Authority Director under this DDA, it shall not be unreasonably withheld, conditioned or delayed unless the Approval is explicitly stated in this DDA to be within the "sole discretion" (or words of similar import) of the Party whose Approval is sought. The reasons for failing to grant Approval, or for giving a conditional Approval, shall be stated in reasonable detail in writing, except by the Authority Board, which as a public body will grant or deny Approval in open session at a duly held and noticed public meeting in accordance with applicable public meeting laws. Approval by Developer, any Vertical Developer or the Authority to or of any act or request by the other shall not be deemed to waive or render unnecessary Approval to or of any similar or subsequent acts or requests. The requirements for Approvals under this DDA shall extend to and bind the partners, officers, directors, shareholders, trustees, beneficiaries, agents, elective or appointive boards, commissions, employees and other authorized representatives of Developer, each Vertical Developer and the Authority, and each such Person shall make or enter into, or take any action in connection with, any Approval in accordance with these requirements. In determining whether to give an Approval, no Party shall require changes from or impose conditions inconsistent with (i) the Redevelopment Requirements or (ii) matters it has previously Approved with respect to the matter at issue.

(c) Unless otherwise provided in this DDA, whenever Approval or any other action is required by the Authority Board, the Authority Director shall upon the request of Developer submit such matter to the Authority Board at the next regularly-scheduled meeting of the Authority Board for which an agenda has not yet been finalized and for which the Authority can prepare and submit a staff report in keeping with Authority standard practices.

(d) Unless otherwise provided in this DDA, Approvals or other actions of the Authority (as opposed to the Authority Director or the Authority Board) will be given or undertaken, as applicable, by the Authority Director.

(e) Developer shall from time to time by notice to the Authority designate the Persons who may act as its **"Developer Representative"**. Approvals or other actions of Developer shall be given or undertaken, as applicable, by Developer's Representative or such other Person that provides evidence reasonably acceptable to the Authority Director that such Person is duly authorized to act on behalf of Developer.

27.25 Cooperation and Non-Interference. Developer and the Authority shall each refrain from doing anything that would render its performance under this DDA impossible, and subject to Article 16 each shall do everything which this DDA contemplates that the Party shall do to accomplish the objectives and purposes of this DDA.

27.26 Interpretation. Unless otherwise specified, whenever in this DDA, including its Exhibits, reference is made to the Table of Contents, any Article, Section, Exhibit, Attachment or any defined term, the reference shall be deemed to refer to the Table of Contents, Article, Section, Exhibit, Attachment or defined term of this DDA. Any reference to an Article or a Section includes all subsections and subparagraphs of that Article or Section. The use in this DDA of the words "including", "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such statement, term or matter to the specific statements, terms or matters, whether or not language of non-limitation, such as "without limitation" or "but not limited to", or words of similar import, is used with reference thereto. In the event of a conflict between the Recitals and the remaining provisions of this DDA, the remaining provisions shall prevail.

27.27 Legal Representation. Developer and the Authority each acknowledges, warrants and represents that it has been fully informed with respect to, and represented by counsel of its choice in connection with the rights and remedies of and waivers by it contained in this DDA and after such advice and consultation has presently and actually intended, with full knowledge of its rights and remedies otherwise available at law or in equity, to waive and relinquish those rights and remedies to the extent specified in this DDA, and to rely solely on the remedies provided for in this DDA with respect to any breach of this DDA by the other, or any other right that either Developer or the Authority seeks to exercise.

27.28 Recordation; Run with the Land. It is understood and agreed by Developer and the Authority that after execution by Developer and the Authority, this DDA will be recorded by the Authority; provided that the recordation shall affect only Developer's and the Authority's interest in the Project Site (including any real property acquired by either of them after the Effective Date). If this DDA is terminated in accordance with its terms, Developer

or the Authority may record a Notice of Termination as provided in Section 27.36. Before any such termination of this DDA by the terms hereof, the covenants and agreements of Developer, any Vertical Developer and the Authority contained herein shall be covenants running with any land conveyed from the Authority to Developer and from Developer to any Vertical Developer, shall bind every Person having any interest in such real property, and shall be binding upon and inure to the benefit and burden of Developer, any applicable Vertical Developer and the Authority and their respective heirs, successors and assigns. This DDA shall not burden or bind any other property in the Project Site that is not acquired by the Authority or Developer under this DDA.

27.29 Survival. Termination of this DDA shall not affect (i) the right of any Party to enforce any and all Indemnifications or Adequate Security (including any Corporate Guaranty) to the extent they relate to the period before termination, (ii) any provision of this DDA that, by its express term, is intended to survive the expiration or termination of this DDA, including but not limited to obligations under the Authority Policies or (iii) the rights and obligations under the Financing Plan or under any Acquisition and Reimbursement Agreement, including Developer's right to receive reimbursements, to the extent they relate to the period before termination or are intended to survive the expiration or termination of the Financing Plan or Acquisition and Reimbursement Agreement, as applicable. Notwithstanding the foregoing, all Indemnification obligations under this DDA shall expire _____ () years after the termination of this DDA with respect to the portion of the Project Site to which an Indemnification relates; provided, that the foregoing expiration shall not apply as to (i) any Indemnification obligation under Section 11.2, which shall expire as set forth in Section 11.2, (ii) any Indemnification obligation as to which the Authority has given notice in accordance with the first sentence of Section 22.4 on or before the date of such expiration, and (iii) any Indemnification obligation relating to real property that is owned by the Party that has given the Indemnification under this DDA. No termination under Section 3.6.1 shall (1) affect Developer's rights under this DDA for any then-existing Sub-Phase Approval or (2) prevent the Authority, in its sole discretion, from later accepting and/or Approving any Major Phase Application or Sub-Phase Application from Developer.

27.30 Nondiscrimination.

27.30.1 There shall be no discrimination against or segregation of any person or group of persons on any basis listed in subdivision (a) or (d) of section 12955 of the California Government Code, as those bases are defined in sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of section 12955, and section 12955.2 of the California Government Code, or on the basis of age, race, color, creed, sex, sexual orientation, gender identity, marital or domestic partner status, disabilities (including AIDS or HIV status), religion, national origin or ancestry by Developer or any occupant or user of the Project Site in the sale, lease, rental, sublease, transfer, use, occupancy, tenure or enjoyment of the Project Site, or any portion thereof. Neither Developer itself (nor any person or entity claiming under or through it), nor any occupant or user of the Project Site or any Transferee, successor, assign or holder of any interest in the Project Site or any person or entity claiming under or through such Transferee, successor, assign or holder, shall establish or permit any such practice or practices of discrimination or segregation in connection with the Project Site, including without limitation, with reference to the selection, location,

number, use or occupancy of buyers, tenants, vendees or others. But Developer shall not be in default of its obligations under this Section 27.30 where there is a judicial action or arbitration involving a bona fide dispute over whether Developer is engaged in discriminatory practices and Developer promptly acts to satisfy any judgment or award against Developer.

27.30.2 Any Transferee, successor, assign, or holder of any interest in the Project Site, or any occupant or user thereof, whether by contract, lease, rental, sublease, license, deed, deed of trust, Mortgage or otherwise, and whether or not any written instrument or oral agreement contains the above prohibitions against discrimination, shall be bound by, and shall not violate in whole or in part, directly or indirectly, the nondiscrimination requirements set forth above. The covenants in this Section 27.30 shall be covenants running with the land and they shall be: (i) binding for the benefit and in favor of the Authority, as beneficiary, and the City and the owner of any other land or of any interest in any land in the Project Site (as long as such land remains subject to the land use requirements and restrictions of the Redevelopment Plan), as beneficiary, and their respective successors and assigns; and (ii) binding against Developer, its successors and assigns to or of the Project Site and any improvements thereon or any portion thereof or any interest therein, and any party in possession or occupancy of the Project Site or the improvements thereon or any portion thereof.

27.30.3 In amplification, and not in restriction, of the provisions of Sections 27.30.1 and 27.30.2, the Authority, the City and their respective successors and assigns, as to the covenants provided in this Section 27.30 of which they are stated to be beneficiaries, shall be beneficiaries both for and in their own right and also for the purposes of protecting the interest of NSTI and other parties, public or private, and without regard to whether the Authority or the City has at any time been, remains, or is an owner of any land or interest therein to which, or in favor of which, such covenants relate. The Authority, the City and their respective successors and assigns shall have the right, as to any and all of such covenants of which they are stated to be beneficiaries, to exercise all the rights and remedies, and to maintain, any actions at law or suits in equity or other proper proceedings, to enforce such covenants to which it or any other beneficiaries of such covenants may be entitled including without limitation, restraining orders, injunctions and/or specific enforcement, judicial or administrative.

27.31 Lead-Based Paint Prohibition. Developer shall comply with the regulations issued by the Secretary of HUD set forth in 37 C.F.R. 22732-3 and all applicable rules and orders prohibiting the use of lead-based paint in residential structures undergoing federally-assisted construction or rehabilitation and requiring the elimination of lead-based paint hazards.

27.32 Modifications; Waiver. Any modification or waiver of any provision of this DDA must be in writing and signed by a Person having authority to do so, on behalf of both the Authority and Developer. Material Modifications to this DDA shall require the approval of the Board of Supervisors, which the Board of Supervisors may give or withhold in its sole and absolute discretion.

27.33 Relationship of the Parties. The Authority is not, and none of the provisions in this DDA shall be deemed to render the Authority, a partner in Developer's or any Vertical Developer's business, or a joint venturer or member in any joint enterprise with Developer or any Vertical Developer. No Party shall have the right to act as the agent of any other Party in any respect hereunder.

27.34 ENA. After the Reference Date and before the expiration or termination of the ENA in accordance with its terms, in the event of a conflict between the ENA and this DDA (including with respect to obligations regarding Authority Costs), the provisions of this DDA shall prevail.

27.35 Plans on Record with Authority. The most recent versions of the Exhibits to this DDA, as such Exhibits may be amended or supplemented from time to time in accordance with this DDA or the terms of such Exhibits, shall not be required to be recorded but shall be kept on file with the Authority. In addition, as of the Reference Date the Proforma is on file with the Authority and upon each update to the Summary Proforma in accordance with the Financing Plan, any corresponding updates to the Proforma as Approved by Developer and the Authority shall be similarly kept on file with the Authority. The Authority Director and Developer or Vertical Developer, as applicable, shall update or supplement the Schedule of Performance from time to time to reflect changes to the same as permitted in this DDA. Full color copies of all recorded documents are also on file with the Authority. All documents on file with the Authority shall be made available to members of the public at reasonable times in keeping with the Authority's standard practices.

27.36 Notice of Termination. In the event of any termination of this DDA in whole or in part in accordance with the terms of this DDA, the terminating Party shall provide the other Parties and any applicable Mortgagee with a copy of any proposed Notice of Termination at least fifteen (15) days before recording the same. After the expiration of such fifteen (15) days, the terminating Party may cause the Title Company to record such Notice of Termination in the Official Records. Any "**Notice of Termination**" shall be in recordable form and describe the portion of the Project Site to which such termination pertains. Following the recordation of any Notice of Termination, the terminating Party shall promptly provide a conformed copy of such recorded Notice of Termination to the Authority, Developer, and any applicable Mortgagee, and any applicable Vertical Developer. The recordation of a Notice of Termination shall not affect in any manner the rights of the Authority, Developer, or any applicable Mortgagee, or Vertical Developer to contest the terminating Party's right to cause such recordation.

27.37 Developer Termination Rights. Developer and the Authority shall each have the right to terminate this DDA upon notice to the other if the Redevelopment Plan is not effective by the date that is ____ () years after the Effective Date. Developer shall also have the right to terminate this DDA, together with the ENA, if a lawsuit is initiated to challenge the Authority's approval of this DDA or the Project, or the adoption of the Redevelopment Plan, and Developer elects to not continue to reimburse the Authority for all of Authority's Costs relating to such lawsuit; provided that any such termination shall not release Developer for the Authority's Costs (including any attorney's fees that may be awarded to the initiator of the lawsuit) for the period before such termination.

27.38 Execution of Certain Attachments. The Parties acknowledge and agree that as of the Reference Date certain of the Attachments have not been completed and, in certain cases, Approved by the applicable Governmental Entities or executed and delivered by the Parties thereto. Accordingly, the Parties have attached drafts of such Attachments. Upon completion or Approval of such Attachments, Developer and the Authority shall substitute the final Attachments for such drafts and confirm such substitution in writing.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Authority and Developer have each caused this DDA to be duly executed on its behalf as of the Reference Date.

AUTHORITY:

Authorized by Authority Resolution
No. _____ adopted _____,
2011.

Approved as to Form:
DENNIS J. HERRERA

By: _____
Name:
Title: Deputy City

TREASURE ISLAND DEVELOPMENT
AUTHORITY,
a public body, corporate and politic

By: _____
Name:
Title: Executive Director

DEVELOPER:

TREASURE ISLAND COMMUNITY
DEVELOPMENT, LLC, a California limited
liability company

STATE OF CALIFORNIA

)

)

ss

COUNTY OF SAN FRANCISCO

)

On _____, before me, _____, Notary Public,
personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument, and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

(Seal)

STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

)
) ss
)

On _____, before me, _____, Notary Public,
personally appeared _____, who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument, and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

(Seal)

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Seal)
Notary Public

EXHIBIT B

DEFINITIONS

“2006 Development Plan” shall have the meaning set forth in Recital K of the DDA.

“Acquisition and Reimbursement Agreement” shall have the meaning set forth in Exhibit H.

“Adequate Security” shall have the meaning set forth in Section 26.1 of the DDA.

“Administrative Delay” shall have the meaning set forth in Section 24.1.3 of the DDA.

“Affiliate” means any Person that directly or indirectly Controls, is Controlled by or is under Common Control with, a Party (or a partner or managing or other member of a Party, as the case may be).

“Affordable Housing Units” shall have the meaning set forth in Exhibit F.

“Agreement” shall have the meaning set forth in the Introductory Paragraph of the DDA.

“Amendment Action” shall have the meaning set forth in Section 12 of the DDA.

“AMI Percentages” shall have the meaning set forth in Exhibit E.

"Annual Authority Project Budget" shall have the meaning set forth in Section 19.3 of the DDA.

"Applications" shall have the meaning set forth in Exhibit E.

"Applicable Regulations" means the rules, regulations, and official policies applicable to and governing the overall design, construction, fees, use or other aspect of development of the Project Site as permitted under the Redevelopment Plans.

"Appraisal Process" shall have the meaning set forth in Section 17.4 of the DDA.

"Approval" shall have the meaning set forth in Section 27.24.

"Approved Vertical DDA/LDDA Form" has the meaning set forth in Section 4.1 of the DDA.

"Arbiter" shall have the meaning set forth in Section 15.3.1 of the DDA.

"Arbiter's Qualifications" shall have the meaning set forth in Section 15.3.1 of the DDA.

"Arbitration Matter" shall have the meaning set forth in Section 15.1.1 of the DDA.

"Architect" means the licensed architect of record, if any, for any Vertical Improvement as selected by a Vertical Developer.

"Architect's Certificate" means a certificate issued by the Architect in accordance with Section 9.2 that is in the form attached hereto as Exhibit S with only such changes as may be Approved by Vertical Developer and the Authority Director.

"Associated Public Benefits" shall have the meaning set forth in Section 1.8(b) of the DDA.

"Assignment and Assumption Agreement" means an assignment and assumption agreement between Developer and a Transferee for a Transfer of rights and corresponding obligations under this DDA, consistent with the requirements of this DDA and, to the extent required under this DDA, in the form Approved by the Authority Director.

"Attachments" means, individually or collectively as the context requires, each of the attachments to this DDA listed on the List of Attachments, including any attachments thereto, as they may be amended or supplemented from time to time in accordance with the terms thereof and of this DDA.

"Auction" shall mean the process of offering Lots for sale or ground lease to qualified bidders at the minimum bid price and selling the Lot to the highest qualified bidder, in accordance with Article 17.

“Authority” means the Treasure Island Development Authority, a public body, corporate and politic, exercising its functions and powers and organized and existing under the CCRL, or any successor public agency designated by or under law.

“Authority Affordable Units” shall have the meaning set forth in Exhibit F.

“Authority Board” means the Board of Directors of the Authority, or any successor governing body of the Authority designated by or under law.

“Authority Costs” shall have the meaning set forth in Section 19.2.1 of the DDA.

“Authority Costs and Revenue Report” shall have the meaning set forth in Section 19.5 of the DDA.

“Authority Director” means the Executive Director of the Authority, or any successor executive officer of the Authority designated by or under law.

“Authority Fiscal Year” shall have the meaning set forth in Exhibit H.

“Authority Housing Lots” shall have the meaning set forth in Exhibit F.

“Authority Policies” shall have the meaning set forth in Section 13.2 of the DDA.

“Authority Quitclaim Deed” means a deed substantially in the form of Exhibit V or as otherwise Approved by Developer and the Authority Director in their respective sole and absolute discretion.

“Authority Revenues” shall have the meaning set forth in Section 19.3 of the DDA.

“Authority Subsidy” shall have the meaning set forth in Exhibit F.

“Authority’s Title Covenant” shall have the meaning set forth in Section 10.2.2 of the DDA.

“Authorization” shall have the meaning set forth in Section 9.1.1 of the DDA.

“Base Security” shall have the meaning set forth in Section 26.2.1 of the DDA.

“Base Security Liability Cap” shall have the meaning set forth in Section 26.2.1 of the DDA.

“Board of Supervisors” means the Board of Supervisors of the City, or any successor governing body of the City designated by or under law.

“BRAC” shall have the meaning set forth in Recital C of the DDA.

“Building Permit” means a building permit issued by DBI.

“Business Day” means a day other than a Saturday, Sunday or holiday recognized by the Authority.

“CCRL” means the California Community Redevelopment Law (California Health and Safety Code § 33000 et seq.).

“CEQA” means the California Environmental Quality Act, California Public Resources Code section 21000 et seq., and the Guidelines for the California Environmental Quality Act, California Code of Regulations, Title 14 section 15000 et seq., as amended from time to time.

“CEQA Delay” shall have the meaning set forth in Section 24.1.4 of the DDA.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. section 9601 et seq., as the same may be amended from time to time.

“Certificate of Completion” means a certificate issued by the Authority in accordance with Section 9.2 that is substantially in the form attached hereto as Exhibit R.

“Certificate of Occupancy” means an instrument issued by DBI certifying that a Unit or non-residential Project is fit for occupancy or use in accordance with the San Francisco Building Code.

“CFD” shall have the meaning set forth in Exhibit H.

“CFD Act” shall have the meaning set forth in Exhibit H.

“CFD Bond” shall have the meaning set forth in Exhibit H.

“City” means, as the context requires, (i) the City and County of San Francisco, a charter city of the State, or (ii) the territorial jurisdiction of the foregoing.

“City Agency” means, individually or collectively as the context requires, all departments, agencies, boards, commissions and bureaus of the City with subdivision or other permit, entitlement or approval authority or jurisdiction over any Major Phase, Sub-Phase or Lot in any portion of the Project Site, including but not limited to the Port Authority, the Department of Public Works, the Public Utilities Commission, the Planning Commission, the Municipal Transportation Authority, the Building Inspection Commission, the Public Health Commission, the Fire Commission and the Police Commission, or any successor public agency.

“City Party” shall have the meaning set forth in Section 22.1 of the DDA.

“Commence” and any variation thereof means the commencement of substantial physical construction as part of a sustained and continuous construction plan.

“Commercial Lot” means a Lot that is not a Residential Lot on which the primary use is intended or primarily suited for use as an office, light industrial, green technology or other commercial use.

"Community Facilities Lot" shall have the meaning set forth in the Community Facilities Plan.

"Community Facilities Space" shall have the meaning set forth in the Community Facilities Plan.

"Community Facilities Plan" means the plan attached hereto as Exhibit G, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"Complete" and any variation thereof means, as applicable, that: (i) a specified scope of work has been completed in accordance with Approved plans and specifications; (ii) Governmental Entities with jurisdiction have issued all Authorizations required for the contemplated use and, with respect to Vertical Improvements, occupancy of the work including, if applicable, Certificates of Occupancy; (iii) the site has been cleaned and all equipment, tools and other construction materials and debris have been removed; and (iv) with respect to Public Property and Public Improvements, (a) all bills for the work have been (x) paid and any obligor of Adequate Security has consented to final payment or (y) releases have been obtained from all mechanics and material suppliers or bonds have been provided to secure such liens in a form and amount required by law to cause any such lien to be removed from the applicable portion of the Project Site, (b) no mechanics', materialmen's or other liens have been recorded (unless they have been bonded as provided in (a)(y) above) and the period for recording such liens have expired and (c) all as-built plans and warranties, guaranties, operating manuals, operations and maintenance data, certificates of completed operations or other insurance, and all other close-out items required under any applicable Authorization or Approval have been provided to the Authority.

"Complete Application" shall have the meaning set forth in Exhibit E.

"Complete Major Phase Application" shall have the meaning set forth in Exhibit E.

"Complete Sub- Phase Application" shall have the meaning set forth in Exhibit E.

"Conflicting Law" means [definition to be added].

"Consumer Price Index" means the All Items Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Metropolitan Statistical Area published by the Bureau of Labor Statistics of the United States Department of Labor.

"Control" means the ownership (direct or indirect) by one Person and/or such Person and its Affiliates of day-to-day control of the activities of a Person coupled with a significant equity and voting interest in such Person. **"Common Control"** means that two Persons are both Controlled by the same other Person or Persons. **"Controlled"**, **"Controlling Interest"** and **"Controlling"** have correlative meanings.

"Conversion Act" shall have the meaning set forth in Recital G of the DDA.

"Conveyance Agreement" has the meaning set forth in Section 6.2 of the DDA.

“Corporate Guaranty” shall have the meaning set forth in Section 26.1 of the DDA.

“CRC” shall have the meaning set forth in Recital D of the DDA.

“Critical Commercial Lots” shall have the meaning set forth in Section 17.2 of the DDA.

“Critical Commercial Lots Payment” shall have the meaning set forth in Section 17.2.4 of the DDA.

“Cumulative Sub-Phase Event” shall have the meaning set forth in Section 24.1.2 of the DDA.

“DBI” shall have the meaning set forth in Exhibit E.

“DDA” shall have the meaning set forth in the Introductory Paragraph of the DDA.

“Department of Public Works” means the Department of Public Works of the City, or any successor public agency designated by or under law.

“Design for Development” means the document attached hereto as Attachment 6, as amended from time to time consistent with Section 12.

“Destroyed Land Records Relief Law” shall have the meaning set forth in Section 10.2.3 of the DDA.

“Developable Lot” shall have the meaning set forth in Section 24.3.1 of the DDA.

“Developed Critical Commercial Lots” shall have the meaning set forth in Section 17.2.5 of the DDA.

“Developer” means Treasure Island Community Development, LLC, a California limited liability company, or its successors and assigns of all or substantially all of its rights and corresponding obligations under this DDA, as and to the extent permitted in accordance with the terms of this DDA.

“Developer Commercial JVs” shall have the meaning set forth in Section 17.2.1 of the DDA.

“Developer Extension” shall have the meaning set forth in Section 7.8 of the DDA.

“Developer Fiscal Year” shall have the meaning set forth in the Financing Plan, as set forth in Exhibit H.

“Developer Lot” shall have the meaning set forth in Section 17.3 of the DDA.

“Developer Party” shall have the meaning set forth in Section 11.1.5 of the DDA.

“Developer Quitclaim Deed” means a deed substantially in the form of Exhibit W or as otherwise Approved by Developer and the Authority Director in their respective sole and absolute discretion.

“Developer Representative” shall have the meaning set forth in Section 27.24(e) of the DDA.

“Developer Return” shall have the meaning set forth in the Financing Plan, as set forth in Exhibit H.

“Developer’s Consent” shall have the meaning set forth in Section 12.4 of the DDA.

“Development Fees or Exactions” has the meaning set forth in the Development Agreement.

“Development Opportunity” shall have the meaning set forth in Section 3.8.3 of the DDA.

“Development Plan” means the map attached hereto as Exhibit A-B-A, as such map may be amended from time to time in accordance with the terms of this DDA.

“Development Plan Update” shall have the meaning set forth in Recital L of the DDA.

“Distributions” shall have the meaning set forth in the Financing Plan, as set forth in Exhibit H.

“DPW” shall have the meaning set forth in Section 3.7 of the DDA.

“DRDAP” means the design review and document approval procedures for the Project Site attached hereto as Exhibit E, as may be amended or supplemented from time to time in accordance with the terms of this DDA.

“Economic Delay” shall have the meaning set forth in Section 24.1.2 of the DDA.

“Effective Date” means the date that this DDA becomes effective, which shall be the later of: (i) the date this DDA is executed and delivered by the Parties; and (ii) ninety (90) days after the date of the Board of Supervisor’s approval of this DDA. Notwithstanding the foregoing, the Parties shall not be required to take any implementation actions in furtherance of the development of the Project Site until the effective date of the Redevelopment Plan.

“ENA” shall have the meaning set forth in Recital I of the DDA.

“Engineer” means the licensed engineer of record for Infrastructure as selected by Developer and Approved by the Authority Director.

“Engineer’s Certificate” means a certificate issued by the Engineer in accordance with Section 9.2 that is in the form attached hereto as Exhibit T with only such changes as may be Approved by Developer and the Authority Director.

"Entitled Units" means, individually or collectively as the context requires, the maximum number of Units permitted for the Project Site pursuant to the, which number is, as of the Effective Date, eight thousand (8,000).

"Environmental Laws" shall have the meaning set forth in Section 11.2.4 of the DDA.

"Environmental Remediation" means the undertaking of any activities to determine the nature and extent of Hazardous Substances that may be located in, on, under or about real property or that has been, are being or threaten to be Released into the environment, and to clean up, remove, contain, treat, stabilize, monitor or otherwise control such Hazardous Substance.

"Escrow" shall have the meaning set forth in Section 10.2.1 of the DDA.

"Event of Default" shall have the meaning set forth in Section 16 of the DDA.

"Exchange Act" shall have the meaning set forth in Recital M of the DDA.

"Excluded Properties" shall have the meaning set forth in Recital B of the DDA.

"Existing Navy Exceptions" shall have the meaning set forth in Section 10.2.2 of the DDA.

"Experience Requirement" shall have the meaning set forth in Section 21.1(a) of the DDA.

"Excusable Delay" shall have the meaning set forth in Section 21.1(a) of the DDA.

"Exhibit" means, individually or collectively as the context requires, each of the exhibits to this DDA listed in the Table of Contents, including any exhibits thereto, as they may be amended or supplemented from time to time in accordance with the terms thereof or of this DDA.

"Expedited Arbitration Matter" shall have the meaning set forth in Section 15.1.2 of the DDA.

"Experience Requirement" shall have the meaning set forth in Section 24.1 of the DDA.

"Finally Granted" means the granting or giving of any Approval, Authorization, entitlement or permit and the expiration of applicable appeal periods without challenge or appeal, or if a challenge or an appeal is filed, the Approval, Authorization, entitlement, or permit shall have been upheld by a final decision in each such challenge or appeal without any adverse effect on such Approval, Authorization, entitlement or permit.

"Financial Obligations" has the meaning set forth in the Financing Plan.

"Financing Plan" means the plan attached hereto as Exhibit H, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

“Fire Station Lot” shall have the meaning set forth in the Community Facilities Plan.

“Force Majeure” shall have the meaning set forth in Section 24.1.1 of the DDA.

“Foreclosed Property” shall have the meaning set forth in Section 20.6 of the DDA.

“Form” shall have the meaning set forth in Exhibit H.

“FOST” shall have the meaning set forth in Recital P of the DDA.

“Funding Sources” shall have the meaning set forth in the Financing Plan, set forth in Exhibit H.

“Fractional Interest Unit” means any apartment, condominium or cooperative unit, cabin, lodge, hotel or motel room, or other private or commercial structure containing toilet facilities therein that is designed and available, pursuant to applicable law, for use and occupancy as a residence by one or more individuals, and which is subject to any plan whereby a purchaser, in exchange for consideration, receives ownership rights in or the right to use accommodations for a period of less than a fully year during any given year, on a recurring basis for more than one year, but not necessarily for consecutive years.

“Governmental Entity” means any court, administrative agency or commission, or other governmental or quasi governmental organization with jurisdiction.

“Gross Revenues” shall have the meaning set forth in Exhibit H.

“Guarantor Net Worth Requirement” shall have the meaning set forth in Section 26.1 of the DDA.

“Guarantor” shall have the meaning set forth in Section 26.1 of the DDA.

“Guidelines for Residential Auction Lot Selection” shall have the meaning set forth in Section 17.5.3 of the DDA.

“Hazardous Substance” shall have the meaning set forth in Section 11.2.3 of the DDA.

“High Rise Lot” shall have the meaning set forth in Section 24.1.2 of the DDA.

“Housing Data Table” shall have the meaning set forth in Exhibit F.

“Housing Map” shall have the meaning set forth in Exhibit F.

“Housing Plan” means the plan attached hereto as Exhibit F, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

“Improvements” means all physical improvements required or permitted to be made to the Project Site under this DDA, including Infrastructure and Vertical Improvements.

“Inclusionary Unit” shall have the meaning set forth in Exhibit F.

“Increased Adequate Security” shall have the meaning set forth in Section 16.5.4 of the DDA.

“Increment” shall have the meaning set forth in Exhibit H.

“Indemnify” means reimburse, indemnify, defend, and hold harmless.

“Indemnification” has a correlative meaning.

“Indemnifying Party” shall have the meaning set forth in Section 22.4 of the DDA.

“Infrastructure” means those items identified in the Infrastructure Plan including open space improvements (including park improvements and restrooms), streets, rails, sewer and storm drainage systems, water systems, street improvements (including freeway ramps or other demolition), traffic signal systems, dry utilities and other improvements any of which are to be constructed in or for the benefit of the applicable real property or any other matters described in the Infrastructure Plan, and shall include such work as is necessary to deliver real property to State Parks and the State Lands Commission in the condition required under the applicable Land Acquisition Agreement, or otherwise so as to create Developable Lots as set forth in Section 7.8.

“Infrastructure Obligations” shall have the meaning set forth in Section 7.1.1 of the DDA.

“Infrastructure Plan” means the document attached hereto as Exhibit I, as such document may be amended from time to time in accordance with the terms of this DDA.

“Initial Closing Phase” shall have the meaning set forth in Section 6.1.2 of the DDA.

“Initial Major Phase” shall have the meaning set forth in Section 3.8.2 of the DDA.

“Initial Sub-Phase” shall have the meaning set forth in Section 3.5 of the DDA.

“Insurance Requirements” shall have the meaning set forth in Section 22.6 of the DDA.

“Interagency Cooperation Agreement” means that certain Interagency Cooperation Agreement (Treasure Island/Yerba Buena Island) entered into in connection with the Project between the Authority and the City and attached hereto as Attachment 1, as amended from time to time.

“JV Lots” shall have the meaning set forth in Section 17.3 of the DDA.

“Land Acquisition Agreements” shall have the meaning set forth in Section 25.2 of the DDA.

“Losses” shall have the meaning set forth in Section 22.1 of the DDA.

“Lot” means a parcel of land within the Project Site that is a legal lot shown on a Subdivision Map.

“LRA” shall have the meaning set forth in Recital C of the DDA.

“Maintenance Special Taxes” shall have the meaning set forth in the Financing Plan, as set forth in Exhibit H.

“Major Phase 1” means the area identified as Major Phase 1 in the Phasing Plan.

“Major Phase 2” means the area identified as Major Phase 2 in the Phasing Plan.

“Major Phase 3” means the area identified as Major Phase 3 in the Phasing Plan.

“Major Phase 4” means the area identified as Major Phase 4 in the Phasing Plan.

“Major Phases” shall have the meaning set forth in Section 3.1 of the DDA.

“Major Phase Application” shall have the meaning set forth in Section 3.5 of the DDA.

“Major Phase Approval” shall have the meaning set forth in Section 3.3 of the DDA

“Major Phase Decisions” shall have the meaning set forth in Section 6.2.3 of the DDA

“Major Rate Lot” shall have the meaning set forth in Exhibit F.

“Major Rate Unit” shall have the meaning set forth in Exhibit F.

“Marina” means the waterside Marina improvements to be developed by Treasure Island Enterprises, LLC, or such other successor party, as more particularly described in the TIE Term Sheet.

“Marina Developer” means Treasure Island Enterprises, LLC, or such other successor party developing the Marina.

“Marina Revenues” means all revenues received by Authority attributable to or in any way related to the Marina operations from the Marina Developer or any party other than Developer.

“Market Rate Lots” shall have the meaning set forth in Section 17.3 of the DDA.

“Market Rate Units” shall have the meaning set forth in Section 17.3 of the DDA.

“Material Breach” shall have the meaning set forth in Section 16.2.3 of the DDA.

“Material Modifications” means amendments or modifications to this DDA or any of its Attachments that would materially increase the burdens and responsibilities of the Authority or materially decrease the benefits to the Authority, as reasonably determined by the Authority Director. Notwithstanding the foregoing, amendments or modifications to the Infrastructure Plan that modify construction standards, materials, practices or specifications for Infrastructure shall not require approval by the Board of Supervisors unless the Authority Director and, with respect to any Infrastructure to be owned or maintained by the City, the Director of Public Works, reasonably determine that such amendment or modification under the circumstances, would significantly increase costs to the City or Authority of ownership.

“Mitigation Measures” shall have the meaning set forth in Section 18.1 of the DDA.

“Mortgage” shall have the meaning set forth in Section 20.1 of the DDA.

“Mortgagee” shall have the meaning set forth in Section 20.1 of the DDA.

“Mortgagee Acquisition” shall have the meaning set forth in Section 20.6 of the DDA.

“Mortgagor” shall have the meaning set forth in Section 20.1 of the DDA.

“Navy” shall have the meaning set forth in Recital P of the DDA.

“Net Available Increment” shall have the meaning set forth in Exhibit H.

“Net Project Proceeds” shall have the meaning set forth in Exhibit H.

“Net Worth” means net worth calculated using generally accepted accounting principles (“GAAP”). In the case of a corporation, “Net Worth” shall mean shareholders’ equity calculated in accordance with GAAP. Any reference in this DDA to a minimum Net Worth or a Net Worth Requirement shall mean that the Net Worth must be satisfied and maintained at all times. Upon the Authority’s request, a Person required to maintain a minimum Net Worth under this DDA shall provide to the Authority reasonable evidence that it satisfies the Net Worth Requirement, including a copy of the most recent audit of such Person (which shall in no event be dated more than thirteen (13) months before the date of the Authority’s request). Any such audit must have been performed by an independent third-party auditor and must include the opinion of the auditor indicating that the financial statements are fairly stated in all material respects.

“Net Worth Requirement” means (i) for Transfer of a Major Phase or portions of a Major Phase that cumulatively equal or exceed a land area of seventy percent (70%) or more of the Major Phase, a Net Worth equal to or more than Seventy Five Million Dollars (\$75,000,000), increased automatically by ten percent (10%) on each five (5) year anniversary of the Effective Date and (ii) for Transfers of one or more Sub-Phases that cumulatively equal less than seventy percent (70%) of the land area in a Major Phase, a Net Worth equal to or more than the higher of (A) Twenty Five Million Dollars (\$25,000,000), increased automatically by ten percent (10%) on each five (5) year anniversary of the Effective Date or (B) the amount determined under clause (i) above times the percentage of the total land area in the Major Phase that is being Transferred. Any entity required to satisfy the Net Worth Requirement can do so either by either meeting the Net Worth Requirement itself or by providing a Corporate Guaranty, covering all of that entity’s obligations under this DDA without limitation, from an entity that meets the Net Worth Requirement.

“Non-Critical Commercial Lots” shall have the meaning set forth in Section 17.2 of the DDA.

“Non-Developer Critical Commercial Lot” shall have the meaning set forth in Section 17.2.5 of the DDA.

"Non-Transferable Infrastructure" shall have the meaning set forth in Section 7.2.2 of the DDA.

"Notice of Termination" shall have the meaning set forth in Section 27.36 of the DDA.

"Notifying Party" shall have the meaning set forth in Section 16.1 of the DDA.

"NSTI" shall have the meaning set forth in Recital A of the DDA.

"Official Records" means the Official Records of the City and County of San Francisco maintained by the City's Recorder's Office.

"Open Space Lot" means a Lot primarily used for Improvements constructed in accordance with the Parks and Open Space Plan.

"Original Project Guaranty" means [definition to be added].

"Original TIHDI Agreement" shall have the meaning set forth in Recital F of the DDA.

"Outside Date" means the last date by which a particular obligation may be satisfied, as such date is set forth in the Schedule of Performance.

"Owner" means for a Lot, Unit or commercial condominium in the Project Site, as applicable, the Person holding fee title thereto.

"Parcel A" means that area identified as such on Exhibit A-A.

"Parcel B" means that area identified as such on Exhibit A-A.

"Parcel C" means that area identified as such on Exhibit A-A.

"Parcel D" means that area identified as such on Exhibit A-A.

"Park Extension" shall have the meaning set forth in Section 24.4 of the DDA.

"Parks and Open Space Plan" means the plan attached hereto as Exhibit J, as such plan may be amended or supplemented from time to time in accordance with the terms of this DDA.

"Party" means, individually or collectively as the context requires, Developer, the Authority and any Transferee that is made a Party to this DDA under the terms of an Assignment and Assumption Agreement Approved by the Authority Director.

"PCBs" shall have the meaning set forth in Section 11.2.3 of the DDA.

"Permit to Enter" means, initially, the document attached to this DDA as Exhibit Q, as such document may be revised from time to time by the Authority upon notice thereof to Developer. The Authority, may from time to time amend the attached form of Permit to Enter and impose such insurance, bond, guaranty and indemnification requirements as the Authority determines are necessary or appropriate to protect its interests, consistent with the Authority's

custom and practice and in a manner that will not unnecessarily interfere with or materially increase the cost or risk of Developer's ability to perform under this DDA or if it would unnecessarily interfere with or materially increase the cost or risk, such amendment must be consistent with commercial industry practice.

"Permitted Exceptions" means permitted title exceptions at a close of Escrow as set forth in Section 10.2.

"Person" means any natural person or a corporation, partnership, trust, limited liability company, limited liability partnership or other entity.

"Phasing Goals" shall have the meaning set forth in Section 3.2 of the DDA.

"Phasing Plan" means the map attached hereto as Exhibit C-1, as such map may be amended from time to time in accordance with the terms of this DDA.

"Plan Documents" means the [insert list of docs from Development Agreement exhibit], as such documents exist as of the Reference Date, and as may be revised from time to time by the Authority consistent with Section 12.

"Planning Commission" shall have the meaning set forth in the DRDAP, as set forth in Exhibit E.

"Pre-Approved Arbiters List" shall have the meaning set forth in Section 15.3.1 of the DDA.

"Product Types" shall have the meaning set forth in Section 17.5.2 of the DDA.

"Proforma" shall have the meaning set forth in Exhibit H.

"Project" shall have the meaning set forth in Section 1.1 of the DDA.

"Project Account" shall have the meaning set forth in Exhibit H.

"Project Cost" shall have the meaning set forth in Exhibit H.

"Project Data Table" shall have the meaning set forth in Exhibit F.

"Project EIR" shall have the meaning set forth in Recital W of the DDA.

"Project MMRP" shall have the meaning set forth in Recital W of the DDA.

"Project Site" shall have the meaning set forth in Recital B of the DDA.

"Project Special Taxes" shall have the meaning set forth in Exhibit H.

"PTR Package" shall have the meaning set forth in Section 10.2.2 of the DDA.

"Public Financing" shall have the meaning set forth in Exhibit H.

“Public Improvements” shall have the meaning set forth in Section 9.2.5 of the DDA.

“Public Property” shall have the meaning set forth in Section 3.7 of the DDA.

“Public Trust” shall have the meaning set forth in Section 6.1.1 of the DDA.

“Public Trust Exchange” shall have the meaning set forth in Section 6.1.1 of the DDA.

“Public Trust Exchange Agreement” shall have the meaning set forth in Section 6.1.1 of the DDA.

“Public Trust Parcels” shall mean portions of the Project Site that are subject to the Public Trust upon completion of a Public Trust Exchange.

“Qualified Appraisal Pool” shall have the meaning set forth in Section 17.4.1 of the DDA.

“Qualified Arbitrator” means a Person who (i) is not an Affiliate of any Party, (ii) is chosen in accordance with the procedures of JAMS and (iii) has at least ten (10) years of experience in acting as an arbitrator with respect to complex real estate transactions but, if the issue in dispute is primarily related to construction, then instead he or she shall have at least ten (10) years of experience in acting as an arbitrator with respect to construction disputes.

“Qualified Buyer” means a third-party buyer (i) who is not an Affiliate of Developer and is reasonably creditworthy given the obligations it is assuming, and (ii) the principals of which have at least five (5) years of experience in developing the kind of housing or commercial product to be developed on the Lot the Qualified Buyer is seeking to purchase.

“Qualified Housing Developer” shall have the meaning set forth in Exhibit F.

“Quiet Title Action” shall have the meaning set forth in Section 10.2.3 of the DDA.

“Reasonableness Determination” shall have the meaning set forth in Exhibit H.

“Redesign Plan” shall have the meaning set forth in Section 6.2.5(a) of the DDA.

“Redesign Budget” shall have the meaning set forth in Section 6.2.5(b) of the DDA.

“Redevelopment Documents” means (a) the Redevelopment Plan; and (b) the Design for Development; and (c) the Plan Documents.

“Redevelopment Requirements” means (i) the applicable Redevelopment Documents, (ii) this DDA, (iii) documents Approved under the DRDAP and (iv) applicable provisions of the CCRL.

“Redevelopment Plan” means that certain Redevelopment Plan for the Treasure Island/Yerba Buena Redevelopment Project, approved and adopted by the Board of Supervisors by ordinance number ____ on _____, 2011, and as the same may be amended from time to time consistent with Section 12.

"Redevelopment Plan Area" means the real property comprising the Redevelopment Project Area under the Redevelopment Plan.

"Redevelopment Plan Redesign Costs" shall have the meaning set forth in Section 6.2.5(b) of the DDA.

"Reference Date" shall have the meaning set forth in the Introductory Paragraph of the DDA.

"Related Infrastructure" shall have the meaning set forth in Section 7.1 of the DDA.

"Release" shall have the meaning set forth in Section 11.2.5 of the DDA.

"Remediation Agreement" means an agreement, not contained in this DDA, between Developer and another Person relating to the remediation of Hazardous Substances on some or all of the Project Site.

"Requested Change Notice" shall have the meaning set forth in Section 3.8.2 of the DDA.

"Required Improvements" means the police/fire station as described in the Community Facilities Plan, the ferry terminal and quay, as described in the Transportation Plan, the public parking garage(s) described in _____, and grocery store consisting of initially at least 5,000 s.f. and subsequently 25,000 s.f., as described in the Community Facilities Plan.

"Required Retail" shall have the meaning set forth in Section 8.2 of the DDA.

"Residential Auction Lot" shall have the meaning set forth in Section 17.3 of the DDA.

"Re-Setting of the Minimum Bid Price" shall have the meaning set forth in Section 17.5 of the DDA.

"Residential Lot" shall have the meaning set forth in Exhibit F.

"Residential Project" means a Vertical Project that is consistent with the Redevelopment Requirements and contains Units and other consistent uses, if any.

"Reuse Plan" shall have the meaning set forth in Recital E of the DDA.

"Reversionary Contest Period" shall have the meaning set forth in Section 16.5.1(f) of the DDA.

"Reversionary Cutover Notice" shall have the meaning set forth in Section 16.5.1(a)(ii) of the DDA.

"Reversionary Default" shall have the meaning set forth in Section 16.5.1(a)(i) of the DDA.

“Reversionary Quitclaim Deed” shall have the meaning set forth in Section 16.5.1 of the DDA.

“Reversionary Recordation Notice” shall have the meaning set forth in Section 16.5.1(d) of the DDA.

“Reverter Release Recordation Notice” shall have the meaning set forth in Section 16.5.4 of the DDA.

“Secured Amount” shall have the meaning set forth in Section 26.1 of the DDA.

“Schedule of Performance” means the schedule of performance attached hereto as Exhibit D, as such schedule of performance may be updated under the terms of this DDA, including Article 3, amended upon the Approval by Developer and the Authority, or extended by Excusable Delay.

“Significant Change” means (i) Developer or its Guarantor files, or is the subject of, a petition for bankruptcy, or makes a general assignment for the benefit of its creditors, (ii) a receiver is appointed on account of Developer’s or its Guarantor’s insolvency, (iii) a writ of execution or attachment or any similar process is issued or levied against any bank accounts of Developer or its Guarantor, or against any property or assets of Developer being used or required for use in the development of the Infrastructure or against any substantial portion of any other property or assets of Developer or its Guarantor or (iv) a final non-appealable judgment is entered against Developer in an amount in excess of Five Million Dollars (\$5,000,000.00), or judgment is entered against a Guarantor in an amount in excess of ten percent (10%) of the Guarantor’s Tangible Net Worth (as defined in the Corporate Guaranty), and the party against whom judgment is entered is unable to either satisfy or bond the judgment.

“Site Permit” shall have the meaning set forth in Exhibit E.

“State” means, as the context requires, (i) the State of California, or (ii) the territorial jurisdiction of the foregoing.

“State Lands” shall have the meaning set forth in Section 6.1.1 of the DDA.

“State Reimbursement Agreement” means that certain Standard Agreement between the Authority and State Lands referenced as contract no ___, together with any amendments thereto approved by the parties thereto and Approved by Developer in its sole and absolute discretion.

“Sub-Phases” shall have the meaning set forth in Section 3.1 of the DDA.

“Sub-Phase Application” shall have the meaning set forth in Section 3.5 of the DDA.

“Sub-Phase Event” shall have the meaning set forth in Section 24.1.2 of the DDA.

“Sub-Phase Approval” shall have the meaning set forth in Section 3.4 of the DDA.

"Subdivision Map" means a subdivision map as defined in the TI/YBI Subdivision Code.

"Submerged Lands" shall have the meaning set forth in Recital A of the DDA.

"Subsequent Closing Phase" shall have the meaning set forth in Section 6.1.3 of the DDA.

"Subsidies" shall have the meaning set forth in Exhibit F.

"Substantial Completion" and any variation thereof means (A) for Infrastructure, that the Authority Director determines, in his or her reasonable discretion following consultation with DPW, that (i) the work has been substantially completed in accordance with the Construction Documents, and (ii) the Infrastructure has been Completed except for (x) customary punch list work that does not prevent a Vertical Developer from constructing Vertical Improvements and (y) work customarily not Completed until Vertical Improvements have been substantially Completed in order to avoid damage to such work or to achieve customary sequencing of the work (e.g., testing that requires Vertical Improvements to be in place) and (B) for Vertical Improvements, that the Authority Director determines, in his or her reasonable discretion following consultation with DBI, that the Applicable Vertical Improvements are substantially complete and that the life safety systems within the applicable Vertical Improvement have been installed and are fully functional.

"Substantially Complete Application," "Substantially Complete Major Phase Application" or "Substantially Complete Sub-Phase Application" means a Major Phase or Sub-Phase Application, as applicable that has been submitted to Authority in accordance with the DRDAP along with substantially all of the required submittal materials, but Authority has not fully accepted the Application as Complete pending Developer's submittal of additional information or materials determined by Authority as reasonably necessary to accept the Application as Complete.

"Summary Proforma" shall have the meaning set forth in Exhibit H.

"Tax Allocation Agreement" shall have the meaning set forth in Exhibit H.

"Taxable Parcel" shall have the meaning set forth in Exhibit H.

"Tentative Map" means a Tentative Map or Vesting Tentative Map approved pursuant to the Treasure Island/Yerba Buena Island Subdivision Code.

"Tentative Subdivision Map" or "Final Subdivision Map" shall have the meaning set forth in Section 1.6(d) of the DDA.

"Term" shall have the meaning set forth in Section 2 of the DDA.

"Third Party" shall have the meaning set forth in Exhibit H.

"TI/YBI Subdivision Code" means the Subdivision Code of the City and County of San Francisco for Treasure Island and Yerba Buena Island and the regulations promulgated thereunder, as each may be amended from time to time.

"TICAB" shall have the meaning set forth in Recital F of the DDA.

"TIHDI" shall have the meaning set forth in Recital F of the DDA.

"TIHDI Agreement" shall have the meaning set forth in Recital F of the DDA.

"TIHDI Term Sheet" shall have the meaning set forth in Recital F of the DDA.

"Title Company" means Chicago Title Company, or such other reputable title company determined by Developer and Approved by the Authority Director, licensed to do business in the State and having an office in the City.

"Title Objection Period" shall have the meaning set forth in Section 10.2.2 of the DDA.

"Transfer" means to convey, transfer, sell, or assign as and to the extent permitted under this DDA.

"Transfer Map" means a Transfer Map as defined in the TI/YBI Subdivision Code.

"Transferable Infrastructure" shall have the meaning set forth in Section 7.2.1 of the DDA.

"Transferee" means any Person to whom Developer Transfers any rights and corresponding obligations under this DDA relating to Major Phase, Infrastructure or horizontal development, as permitted under this DDA, including Transfers to Affiliates of Developer. Vertical Developers, or any transferee of the right to apply for or to construct Vertical Improvements, shall not be deemed to be Transferees as such term is used in this DDA.

"Transient Occupancy" means occupancy for a period of less than thirty (30) consecutive calendar days.

"Transition Requirements" shall have the meaning set forth in Section 10.3.3(h) of the DDA.

"Trust Exchange Closing Phase" shall have the meaning set forth in Section 6.1.1 of the DDA.

"Unit" shall have the meaning set forth in Exhibit F.

"Unrelated Infrastructure" shall have the meaning set forth in Section 7.1.2 of the DDA.

"Vertical Application" shall have the meaning set forth in Exhibit E.

"Vertical Approval" shall have the meaning set forth in Exhibit E.

“Vertical Developer” means for a particular Lot or Vertical Improvement, the Person that is a party to the applicable Vertical DDA related thereto.

“Vertical Development Profits” or **“Excess Land Appreciation Structure”** shall have the meaning set forth in Section 6.2.3(d) of the DDA.

“Vertical Improvement” means an Improvement to be developed under this DDA that is not Infrastructure or Improvements required to be Completed by Developer for the Parks and Open Spaces.

“Vertical LDDA” shall have the meaning set forth in Section 1.2 of the DDA.

“Vertical Project” means the process of designing, Commencing and Completing a Vertical Improvement under a Vertical DDA.

“Work Program” shall have the meaning set forth in Section 6.2.5(b) of the DDA.

“Workforce Unit” shall have the meaning set forth in Exhibit F.



Treasure Island Transportation Implementation Plan (Draft)

January 2011



TICD

Treasure Island Community Development, LLC

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1 INTRODUCTION

This Treasure Island Transportation Implementation Plan is being prepared in conjunction with the Disposition and Development Agreement (DDA) between the Treasure Island Development Authority (TIDA) and Treasure Island Community Development (TICD).

This document lays out a transportation program with a series of measures and strategies that will deliver a unique transportation experience. Grounded in the principles of transit-oriented, sustainable development, the Island's residents, visitors, and employees will enjoy access to high quality travel opportunities that prioritize walking, bicycling, and transit; that incentivize travel by modes other than private automobiles; and that provide disincentives to those who choose to travel by single-occupancy private vehicles.

The measures and strategies will be implemented in part through the financial obligations of TICD to fund the capital costs associated with the build-out of transit infrastructure and the operating subsidies in the initial phases of development, and by pricing mechanisms and financial incentives to encourage transit use over the long term. The Transportation Program described herein is consistent with the 2010 Term Sheet Update that was unanimously endorsed by the Treasure Island / Yerba Buena Citizens Advisory Board (TICAB), the TIDA Board, and the City and County of San Francisco Board of Supervisors (BOS), and supersedes in its entirety Exhibit J (Treasure Island Transportation Plan) to the 2006 Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island between TIDA and TICD, which was unanimously endorsed by the TICAB, the TIDA Board, and the Board of Supervisors in December 2006.

1.1 HISTORY OF THE PROJECT'S TRANSPORTATION PLANNING PROCESS

In 2006, TICD and TIDA prepared a Transportation Plan that described the transportation and access components of the Land Use Plan for the redevelopment of Naval Station Treasure Island. That plan was based on an intensive and iterative planning and design effort that occurred over several years through an extensive public process. The 2006 Transportation Plan's role was to articulate a solution to one of the most critical aspects of the Project's land use plan—how to address the challenge of access to an island community in a congested region that demands innovative, efficient, and sustainable solutions. Some key elements of the land use plan and its transportation elements that were identified in 2006 include:

- A ferry terminal on Treasure Island's western shore, allowing water transit to arrive into the heart of the community, easily visible from downtown San Francisco, and within easy walking distance from all residents of the Treasure Island community;
- A compact, transit-oriented community, resulting in more public open space and more housing than a more suburban development pattern would;
- A complex and thoroughly articulated urban design and architectural plan, illustrating relationships between buildings, public space, transportation, views, and natural factors; and
- A strong commitment to sustainability, including a dense and compact urban form, renewable energy proposals, an innovative green-building agenda, and a commitment to create a self-sufficient community.

Since the endorsement of the 2006 Term Sheet, TICD and TIDA have worked closely with the TICAB, the Board of Supervisors' Land Use and Economic Development Committee, various transit agencies, stakeholders, and the public at large to refine both the land use and transportation plans for the Project. Extensive review and revision sessions were held with transit and traffic engineers, bicycle and pedestrian planners, public health and universal access advocates, and emergency access experts, resulting in decisions, solutions, and refinements that have been signed off by numerous responsible agencies. In response to comments made by the TICAB, TIDA Board, and members of the public through the course of the several years of Project refinements and environmental review process, a number of improvements have been made to the Project:

- The ferry terminal was moved to the south along the western shore, oriented along an axis with historic Building 1 in order to activate the historic buildings and enhance the reliability and efficiency of ferry operations.
- The retail street was shifted to continue that axis from Building 1 to Building 2, thereby bringing a new purpose to the historic buildings.
- The density of the Project was increased from a maximum of 6,000 to 8,000 homes, and the commercial program refined to include additional office space.
- In consultation with transit providers, the routes and schedules for the transbay bus service planned for the Islands were refined.

The Project, including these refinements, has been subject to environmental review under the California Environmental Quality Act (CEQA). A Draft Environmental Impact Report (DEIR) was prepared by the City and published on July 12, 2010 in order to evaluate the physical effects of the Project on the environment, including transportation effects. The scope of the DEIR's analysis of transportation effects includes forecasting the trips that could potentially be generated by the Project and evaluating the adequacy of the transportation services proposed by the Project under two scenarios: a base transit scenario with more limited transit service, and an alternative scenario with an expanded transit service program.

The purpose of this document, the Transportation Implementation Plan, is to describe how the Project's complete transportation program, including the expanded transit service, would be implemented. TICD has certain obligations—including building the infrastructure (such as the Transit Hub and ferry quay)—making capital improvements, and providing operating subsidies—that will be required under the DDA. Because operation of the expanded transit service depends on third party operators and future funding, as well as the travel behavior of future Island residents, its exact parameters cannot be guaranteed. Rather, this Implementation Plan describes the tools available to TIDA to manage the transportation needs of the Project, the framework through which those tools will be used, and the arrangements that are in place now (including obligations of TICD), at the time of Project approvals, to enable implementation.

Through the extensive public planning process for the redevelopment of Naval Station Treasure Island, the commitments and principles of the Project, with its vision of Treasure Island as a diverse, sustainable, and family-friendly transit-oriented community, has not changed. Whereas the 2006 Transportation Plan focused on describing the vision and principles of the transportation program, this Implementation Plan memorializes the policies and commitments based on the prior work to focus on how those goals will come to be realized.

1.2 EXECUTIVE SUMMARY

1.2.1 LAND USE PROGRAM

The land use program for the Treasure Island and Yerba Buena Island (in this document collectively called "Treasure Island") development includes up to 8,000 homes; approximately 207,000 square feet of neighborhood-serving and visitor-oriented retail in both new construction and adaptive reuse; an additional 244,000 square feet of adaptive reuse; up to 500 hotel rooms; up to 100,000 square feet of

office space; up to 300 acres of public open spaces; recreational areas; and public facilities such as a school, police and fire station, and community spaces.

1.2.2 TRANSIT PROGRAM

Specific transit programs include the following:

- A new ferry service operating from a new Ferry Terminal and Intermodal Transit Hub located on the western shore of Treasure Island. The ferry terminal is within a 10- to 15-minute walk of the majority of residences and is in the heart of the community. Ferries will operate between 5:00 am and 9:00 pm throughout the weekday and weekend, with peak hour service at 15-minute intervals at full build-out of the Project.
- Bus services operating to San Francisco's Civic Center and Transbay Terminal and to the East Bay (Downtown Oakland) will operate from the Transit Hub throughout the weekday and weekend, with service about every 5 to 15 minutes at full build-out.
- A fleet of four alternative-fuel shuttle buses will be provided for residents, employees, and visitors to make it possible for everyone who comes to Treasure Island to be able to navigate without the use of a private automobile. The shuttles will operate primarily on three routes serving all neighborhoods and the open spaces and will provide timed transfer connections at the Ferry Terminal and Transit Hub.

1.2.3 PARKING

The number of spaces provided is consistent with creating an economically feasible, high-density, transit-oriented neighborhood with the goal of discouraging auto use and prioritizing transit, walking, and bicycling. All parking will incur a parking charge up-front and shared parking will be encouraged. Residential parking will be unbundled from the sale and rental of residential units. Monitoring, enforcement, and pricing of parking will be used to create a positive incentive for residents, employees, and visitors to choose transit rather than automobiles to access the Island.

Parking will occur in off-street facilities and on-street metered spaces. The parking ratios for the Project on an Islands-wide basis are to a maximum of one (1) space per residential unit; to a maximum of two (2) spaces per 1,000 sq ft of retail, office, or commercial uses; and 0.8 spaces per hotel room for hotel uses. Parking will also be supplied for open space, including the Marina.

At full build-out, there will be a maximum of approximately 10,118 off-street parking spaces on Treasure Island and Yerba Buena Island:

- 8,000 spaces for residential uses;
- 400 spaces for hotel uses;
- 414 spaces for retail uses;
- 464 spaces for open space and recreational areas, excluding the Marina;
- 236 spaces for the Marina; and
- 604 spaces for office and other uses within the historic buildings not captured above.

An additional 1,035 on-street spaces will be provided for short-term use by visitors.

1.2.4 INCENTIVIZING USE OF TRANSIT AND DISINCENTIVIZING CAR USE

The transportation infrastructure has been designed around maximizing the use of transit as a primary mode of travel. Automobile use will be discouraged through parking management, pricing, and other policies. The transportation demand management (TDM) mechanisms proposed include the following:

- Designation of an on-island travel coordinator to staff programs encouraging the use of transit, walking, and bicycling for residents, visitors, and employees, including a "guaranteed ride home" program, a bicycling library and bicycle storage facilities, and a free on-island shuttle, among others.
- Establishment of a comprehensive transit voucher built into the housing costs of residents and hotel room rates for hotel patrons that reduces "out-of-pocket" costs for transit use.
- Parking management based on a policy that all automobile users incur a parking charge. The charges will be applied at a level to encourage the use of transit services and discourage the use of single-occupancy vehicles.
- Implementation of a congestion pricing program authorized by state legislation (AB 981). Charges will be applied to residents who choose to use their car to get to or from the Island during peak travel periods.

- Coordination of ramp metering by Caltrans on the access ramps to the Bay Bridge to control the number of vehicles that can leave the Island during periods of bridge congestion.
- Provision of a fleet of bicycles, available to visitors and residents for checkout from a secure central "bike station" located near the Ferry Terminal using a "library-style" management system. The island's walkways and bicycle route network will connect to the shared-use path currently under construction as part of the East Span of the Bay Bridge.

These TDM programs will be administered by a Treasure Island-specific transportation agency, discussed in more detail below.

1.2.5 INSTITUTIONAL AND GOVERNANCE ISSUES

AB 981 authorizes the Board of Supervisors to create a transportation agency specific to Treasure Island (the Treasure Island Transportation Management Agency, or TITMA) to provide the mechanism to regulate charges and collect revenues associated with the Island's congestion pricing program, transit vouchers, and non-residential and on-street parking facilities. The net revenues (gross revenues less operating costs) from congestion pricing and non-residential parking will be used to support transit operations and other TDM programs designed to encourage travel by alternative modes.

1.2.6 FUNDING, COSTS, AND REVENUES

The capital costs of transit rolling stock, transit facilities, parking facilities, and other elements of the transportation demand management (TDM) program are itemized in the Plan. These costs are one-time capital expenditures totaling \$139.9 million. Annual operating costs and revenues are also included: The operating costs at final build-out are approximately \$21.7 million, compared to annual revenues estimated at about \$27.9 million.

1.2.7 TICD AND TIDA RESPONSIBILITIES

As master developer, TICD has obligations under the DDA that will enable the implementation of this Transportation Implementation Plan according to the Schedule of Performance as attached to the DDA. These obligations include the following:

- Developing transportation-related infrastructure, including the streets and public rights-of-way, and pedestrian and bicycle paths and facilities (as defined in the Infrastructure Plan);

- Developing the ferry terminal (both landside and waterside improvements) and Intermodal Transit Hub (see Infrastructure Plan and Community Facilities Plan);
- Providing capital funding to purchase on-island shuttles and buses (100 percent for on-island shuttles and AC Transit buses and 20 percent for Muni buses), in accordance with the schedule provided in **Chapter 10**; and
- Providing operating subsidies to operate the proposed transit facilities as the Project is built out, in accordance with the schedule provided in **Chapter 10**, including the lease costs associated with ferry operations.

Long-term management and oversight of the Transportation Program will be the responsibility of TIDA and the TITMA. The Transportation Program will be implemented starting with the first phase of horizontal infrastructure development and additional phasing of the measures and services will be implemented for the future development phases that will follow. TITMA will be responsible for regular monitoring of the Project and the decisions on whether to increase or decrease charges, extend or move their period of operation, or apply them at different times, as well as coordinating with the various transit providers on calibrating the level of service commensurate with actual ridership demand.

Similarly, the TITMA will monitor the transportation demand management (TDM) programs and test their effectiveness. Sponsors of special events on the Island will also be required to submit specially-tailored TDM plans to ensure that the event's travel needs are met without disruption to the travel needs of Island residents or other members of the Island community.

1.3 ABOUT THIS DOCUMENT

This document, the Treasure Island Transportation Implementation Plan, consists of two parts:

Part 1: Project Description summarizes the transportation planning process to date and outlines the Project's approach to a comprehensive transportation system:

2. Program Goals
3. Land Use and Transit-Oriented Design
4. Bicycle and Pedestrian Facilities and Programs
5. Transit Services
6. Transportation Demand Management Strategies

Part 2: Implementation describes how the transit and transportation demand programs will be implemented and managed over time by TIDA and the TTMA:

- 7. Implementation Framework
- 8. Transit Operations
- 9. Staffing, Monitoring, and Enforcement
- 10. Summary of Revenues and Costs

PART ONE: PROJECT DESCRIPTION

2.4 TRANSPORTATION POLICIES AND MEASURES

The 2006 Transportation Plan established a series of policies and transportation measures:

1. Prioritize Walking
2. Maximize the Usefulness of Bicycling
3. Maximize Effectiveness and Convenience of Transit and Ridesharing
4. Use Transportation Demand Management
5. Promote Transit
6. Improve Bay Bridge Ramps

These policy goals in turn lead to a series of transportation measures that constitute the Transportation Program.

2.5 INTEGRATION WITH SUSTAINABILITY GOALS

Sustainability is a key Project priority. Many of the Project's wide range of sustainability goals and commitments are transportation-focused, and are intended to encourage sustainable choices as part of everyday life. The transportation strategy for the Island has been designed to facilitate a significant mode-shift from private automobiles to alternative, environmentally-sensitive means of transportation. The program to be implemented includes ferries, buses, electric or alternative-fuel on-island shuttles, car-sharing, and a bicycle library program. In addition, parking will be managed, priced, and designed to reduce on-island car trips and minimize impacts on the pedestrian environment. Congestion pricing will be used to charge fees for residents who choose to use their automobiles to travel to and from the Island during peak travel periods.

The Treasure Island community is designed to allow residents access to essential goods and services within a 10 to 15-minute walk, and pathways and streetscapes are designed to enhance the experience for pedestrians and cyclists. Because services and amenities are located on-island near the Ferry Terminal and Intermodal Transit Hub, commuters, residents, and visitors will be able to take advantage of them when arriving or leaving the Island, further reducing discretionary trips. All of these elements support a self-sufficient Island community.

A denser, more transit-oriented land-use pattern not only reduces automobile trips, but also preserves more land for open space, natural resources habitat, and storm water management, all while

consuming fewer material resources. All of these elements illustrate the confluence of good urban design, effective transportation planning, and environmental sustainability.

3 LAND USE AND TRANSIT-ORIENTED DESIGN

The integration of transportation and land use is a fundamental principle of the Project. Every aspect of the proposed design facilitates convenient access by foot, bicycle, and transit, and seeks to reduce the use of single-occupancy vehicles both on and off Treasure Island. The Project accomplishes this integration by designing a dense, compact development pattern centered around an active Ferry and Intermodal Transit Hub and commercial center. The plan provides a range of benefits including the following:

- Promotes access by foot, bicycle, and transit, reducing on-Island automobile trips;
- Establishes a strong mixed-use and transit-oriented character;
- Preserves more land for open space;
- Creates pedestrian-friendly street design in all neighborhoods;
- Allows the development of more housing at a greater density;
- Creates a livelier, more dynamic community with services necessary to create a self-sufficient community;
- Establishes densities that allow frequent, efficient transit service;
- Serves the Project's sustainability goals;
- Manages parking to minimize dependence on automobiles and support an urban, pedestrian-friendly character;
- Discourages the use of the automobile by imposing congestion pricing on peak-period off-Island trips by residents;
- Welcomes visitors to a model of sustainable and walkable development; and
- Serves as a model for the region and the nation in encouraging alternative transportation modes.

Transportation and access issues have informed Project planning at every step, defining the character and quality of the Treasure Island community and focusing all of the residents and visitors toward the Ferry Terminal and Transit Hub. Whatever one's mode of arrival, it will be immediately clear that this is a community built around a western-shore transit terminal, which serves as the arrival point, an activity hub, a source of identity, and a distinctive architectural statement. The transit terminal

complex will also include connections to the on-Island shuttle, car-sharing facilities, and bicycle rental facilities.

The development pattern is designed to facilitate walking and cycling for on-Island trips, and access to ferry and bus service for commuting. Hotel, retail, public, and community uses are centered around the ferry quay and along the Intermodal Terminal Hub. About 50 percent of the homes proposed to be built on Treasure Island will be within a 10-minute walk of the Transit Hub. All residential units on Treasure Island would be within an approximately 15-minute walk of the Transit Hub. In addition, all residents of both Islands would be within an approximately 5-minute walk of a shuttle stop.

Streets have been designed to support a variety of travel modes at moderate to low speeds. Most streets have design speeds between 15 and 25 mph, although some streets have been designed to support two-way travel by buses, which requires greater travel lane dimensions and therefore results in a slightly higher design speed. In addition, a system of pedestrian-oriented tertiary streets will radiate from the terminal area into the surrounding districts. All non-residential off-street parking will be in centralized facilities, decoupled from residential and visitor uses and thereby enhancing Treasure Island's pedestrian character.

The Project's design intent is memorialized in the following documents:

- The *Design for Development*, to be adopted by TIDA, will govern design of both the public realm (streets and open spaces) and the private realm (individual buildings). The *Design for Development* includes a Frameworks section that outlines how the land use plan was formed and illustrates many of the underlying transportation principles. The *Design for Development* also includes the requirements that vertical developers must meet for automobile parking, loading, bicycle parking, and car-share spaces.
- The *Infrastructure Plan*, attached to the DDA between TIDC and TIDA, includes a Transportation section. This section details the obligations of TIDC to build certain improvements, including the streets and the ferry quay.
- The *Community Facilities Plan*, attached to the DDA between TIDC and TIDA, details the obligations of TIDC to build certain improvements, including the ferry terminal, parking structures, and a certain amount of retail space (including the grocery store), which is intended to support residents' ability to meet as many of their needs on-Island as possible. While the

Community Facilities Plan details certain obligations of TICD, this plan also details the nature and extent of some of these improvements.

- The *Development and Disposition Agreement* includes a schedule of required financial contributions by TICD to fund the transportation capital and operating program.
- TIDA approval of a *Streetscape Master Plan* will be required prior to starting infrastructure work. The *Streetscape Master Plan* is to be prepared by TICD and approved by TIDA prior to the approval of the first Major Phase Application.¹ The *Streetscape Master Plan* will describe the overall circulation plans, land uses, street hierarchy, and specific streetscape responses to the street typologies. The specific submission requirements for the Streetscape Master Plan are listed in the Project's *Design Review and Document Approval Procedure*, as attached to the DDA.

Because transit-oriented design is such a fundamental part of the success of the transportation program, and will influence the ability of TIDA and TICD to implement the planned transportation infrastructure and programs, this section repeats information originally found in the *Treasure Island + Yerba Buena Island Design for Development and Treasure Island Infrastructure Plan*.

3.1 DESIGNING FOR DENSITY

3.1.1 COMPACT DEVELOPMENT

Compact, pedestrian-oriented, and transit-served neighborhoods, which significantly reduce demand for travel in private vehicles, are the basic building blocks for sustainable cities. The *Design for Development's* strategy for compact development includes creating an Intermodal Transit Hub and central retail district on Treasure Island's southwest corner, which is the location of its most buildable land and its single point of access by land. This area will provide an Intermodal Transit Hub, a hotel, shopping, dining, and cultural facilities, as well as higher-density urban housing options. It will be surrounded by intense, walkable, mixed-use neighborhood development and regional recreational and civic destinations.

¹ The DDA between TICD and TIDA requires TICD to submit Major Phase and Sub-Phase Applications. Major Phase Applications will include schematic-level infrastructure plans for a group of 5-8 blocks, while Sub-Phase Applications will require permit-level drawings for a 1-2 block subset. TIDA will not transfer land to TICD until Sub-Phase Applications are approved and other conditions are met.

Treasure Island's planned densities and scale are comparable to many San Francisco neighborhoods, but it will be developed with an urban form particular to the Island setting. The compact footprint of development will mix low-, mid-, and high-rise buildings to provide the population necessary to support social, commercial, and public transit infrastructure. Concentrating development will preserve large amounts of open space on the rest of Treasure Island. On Yerba Buena Island, compact development is clustered to minimize impacts on the natural land form and to preserve and enhance the Islands' natural and scenic qualities.

The compact development framework is illustrated in **Figure 3.1**.

3.1.2 URBAN FORM

The Islands' urban form is intended to be distinctive, place-based, and experience-focused, establishing a memorable identity on the Bay. It tells a story of social, economic, and environmental responsibility in every new neighborhood. On Treasure Island, dense and compact developed areas are dramatically juxtaposed with extensive open spaces, creating a distinctive urban form visible from around San Francisco Bay and memorable for both what is built and what is not. Within the densely developed portion of Treasure Island, another more varied and subtle urban form takes hold, realizing a fine-grained pattern of neighborhood spaces and pedestrian ways framed and enlivened by low-, mid-, and high-rise buildings.

Dramatic shifts in the urban form are used to announce places of entry, culture, and history. Buildings are carefully placed and varied in scale to realize sunlight access and bring a diverse population onto local streets and neighborhood parks. They feature materials, patterns, and entry sequences that will bring interest and activity to the lower floors of buildings, enhancing the pedestrian experience.

On Yerba Buena Island, the design concept for distinctive form and lively pedestrian settings takes a completely different path. Here, the topography of the Island dictates placement and form, with the pattern, heights, and orientation of buildings reinforcing the natural Island topography. At the same time, courts, pathways, stairs, and links to a dramatic public hilltop park create a variety of places where buildings will frame distant views or look onto densely-wooded habitat.

The urban form framework is illustrated in **Figure 3.2**.

Source: CMG Architects

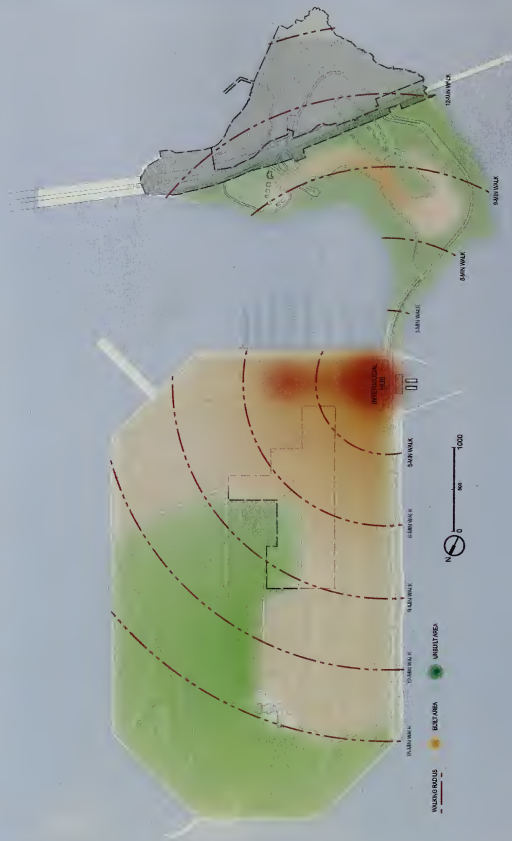
TICD

Treasure Island Community Development, LLC

TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN

Figure 3.1

COMPACT DEVELOPMENT FRAMEWORK



Source: CMG Architects

TICD

Treasure Island Community Development, LLC

TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN

Figure 3.2

URBAN FORM FRAMEWORK



3.2 A STREET SYSTEM THAT FITS THE PLACE

Treasure Island's unconventional street grid is designed to maximize access to sunlight and views while minimizing the effects of wind on neighborhood public spaces. Rotating a conventional orthogonal street grid to maximize solar orientation would have resulted in cross streets opened directly to prevailing westerly winds that flow through the Golden Gate and blow unimpeded across the Bay. As a result, Treasure Island's street pattern features a unique non-orthogonal grid that offers good solar access to streets and open spaces while protecting them from the prevailing west winds. The angled north-south streets across the Island align with views to the San Francisco skyline. In the Island Center, where several historic buildings are retained and preserved, the existing right-angle street grid is retained. The two grids intersect will intersect along the existing California Avenue.

Yerba Buena Island's steep topography calls for a completely different solution, substantially retaining the existing pattern of curved and switchback access-ways that have evolved over time. New public ways consist mainly of cascades—stepped terraces connected with public stairs—that cross-connect the looping streets to form walkable blocks within this challenging terrain.

The street system framework is illustrated in **Figure 3.3**.

The hierarchy, pattern, and design of streets reflect a commitment to a public realm designed first and foremost for bicyclists, pedestrians, and transit riders, while at the same time accommodating vehicular traffic. Primary vehicular streets are limited to the essential routes linking the Island neighborhoods to one another and to the Island Center through the extension of gracious boulevards. "Windrow" and "shoreside" streets, with significantly lower volumes of vehicular movement and dramatic orientation to the Island setting and views, distribute that traffic into the neighborhoods. The angled windrow streets and their distinctive landscape also serve to break the westerly winds and soften the Island's microclimate. Neighborhood streets and shared public ways with limited vehicular access complete the network.



Source: CMG Architects

TICD

Treasure Island Community Development, LLC

TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN

Figure 3.3

STREET SYSTEM FRAMEWORK

The design recognizes the central role that streets play in the social life and comfort of a neighborhood. Buildings are oriented toward streets, with public sidewalks, street furniture, street lighting, public landscaping, building setback areas, and frontage design all contributing to a pleasant and safe pedestrian experience. The shared public ways, or mews, will provide a small-scale, curbside, largely vehicular-free pedestrian way and public space linking residents to neighborhood parks and to the Island Center. In addition to their role as the “living rooms” of the community and as transportation corridors, streets are designed to collect and treat stormwater, be easy to maintain, and provide utility services that make them an integral part of the Islands’ sustainable infrastructure.

3.3 DESIGNING FOR ALL MODES OF TRAVEL

3.3.1 WALKING AND BIKING

Island planning began with a focus on pedestrians and bicyclists, resulting in a transportation network that provides convenient non-motorized access to all areas of the Islands.

The Islands’ various blocks, neighborhoods, parks, and other public spaces are connected by a diverse pedestrian network along a system of urban blocks. Its core consists of primary pedestrian routes leading from the Island Center and Intermodal Transit Hub, through the retail area, and out to the neighborhoods. These primary routes are located in shared public ways and park blocks to invite all-day and year-round use in an active, tree-lined, and wind-sheltered environment. The primary pedestrian route leading north from the Transit Hub, the Eastside Commons, will be a grand pedestrian boulevard with broad street width and building height dimensions. Primary pedestrian routes west from the Transit Hub will be on a smaller scale and more intimate in character, meandering through the interior of blocks along pedestrian-oriented mews. Secondary routes enable pedestrians to walk from neighborhood to neighborhood and explore the Island. They link directly out to regional open spaces and the Bay on both Treasure Island and Yerba Buena Island. The San Francisco Bay Trail wraps around the perimeter of Treasure Island and connects Yerba Buena Island to the Bay Bridge and the bike and pedestrian route to Oakland.

The bicycle facilities and pedestrian network frameworks are illustrated in **Figure 3.4** and **Figure 3.5**, respectively.

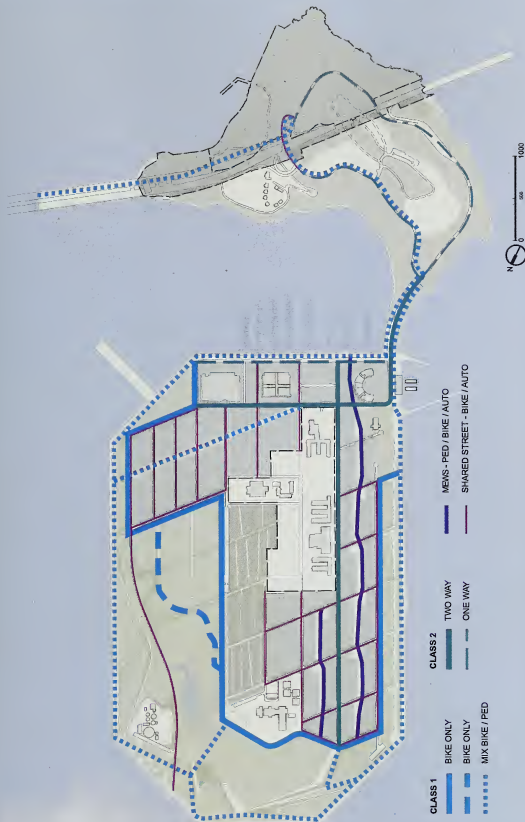
Source: CMG Architects

TICD

Treasure Island Community Development, LLC

TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN
Figure 3.4

BICYCLE FACILITIES FRAMEWORK





Source: CMG Architects

TICD

Treasure Island Community Development, LLC

TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN
Figure 3.5

PEDESTRIAN NETWORK FRAMEWORK

A Class 1 bikeway encircles Treasure Island, providing dedicated bicycle access and a full touring route to all shoreline parks and open spaces. The Class 1 bikeway continues on Yerba Buena Island across the causeway and up Macalla Road where it connects with the new mixed-use path on the east span of the Bay Bridge. Certain Class 1 routes are shared with pedestrians, primarily around the edge of Treasure Island. Class 2 routes are present on many of the island's streets, with shared bicycle and vehicular lanes on low-speed neighborhood streets. Bicycles are a key transportation option on the Islands. Routes are designed to invite riders of all ages and capabilities for trips that range from a daily commute, to a school trip, to convenient shopping and casual recreation. Facilities and services to support bicycle use, such as bike parking, storage, and servicing, are an integral part of neighborhood and individual building planning.

3.3.2 USING TRANSIT

The use of public transportation by significant numbers of visitors, residents, and workers on the Islands is essential to meeting sustainability commitments, providing economic opportunity, and achieving high quality of life. The objective is to provide an efficient, attractive hub for transit in the Island Center district, located at the point of arrival from the Bay Bridge and at the junction of the two Islands. An Intermodal Transit Hub will connect all regional, off-island transportation services such as buses and ferries with on-island services such as shuttles, bicycles, and attractive pedestrian routes. The Transit Hub is planned to include a ferry terminal facing the historic Building 1 on the shore of the Treasure Island. Buses serving San Francisco and the East Bay buses have stops and layover spaces on streets in the Island Center.

The transit service framework is illustrated in **Figure 3.6**. Transit routes and Transit Hub design are covered in more detail in **Chapter 5**.

3.3.3 VEHICLE ACCESS

A sustainable transportation system on Treasure Island and Yerba Buena Island will rely on a number of strategies, including the following: a) urban design that facilitates pedestrian and bicycle mobility in every way; b) a convenient transit system that encourages both regular and casual use; c) street design that accommodates vehicular traffic, but at low to moderate volumes and speeds; and d) a park-once strategy to encourage walking once on the Islands.

Source: CMG Architects

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Figure 3.6

TRANSIT SERVICE FRAMEWORK



All Island streets accommodate vehicles, but within design parameters that emphasize use by pedestrians and cyclists, regardless of the amount of traffic they must carry. The primary avenues, which serve as arrival and primary circulation routes, connect three categories of local streets: neighborhood streets, tertiary connectors, and a pedestrian mews, or shared public way. Park-once lots and garages are planned at strategic locations throughout the network. This will encourage residents and visitors to park their cars and utilize pedestrian, bicycle, and shuttle routes while on the Islands.

The vehicle access framework is illustrated in **Figure 3.7**.

3.4 PLACE MAKING

Distinctive, attractive places with memorable urban form invite use, create neighborhood identity, and foster community. The design for Treasure Island focuses on a network of “social corridors” where people can live, recreate, and come together for community, commerce, and social connection. A successful social corridor relies on the quality of spaces that are created by built form, land use, and landscape, and the experience they offer. Whether those spaces are streets, parks, plazas, or a unique combination of those elements, they are critical to creating a social infrastructure for the Island.

Place-making initiatives start and finish with attractive, pedestrian-friendly urban spaces tailored to their setting and likely use. On Treasure Island and Yerba Buena Island, the public realm is a collection of unique places designed for the enjoyment of humans on foot. This is as true of the quiet mews and the dramatic Eastside Commons as of the busy mixed-use streetscapes of the Island Center, the expansive waterfront parks, and the drama of Hilltop Park.

Social corridors on the Islands offer areas of intensity such as towers, parks, or the retail district streets where a mix of community uses and interactions can occur. The scale and detailing of each space, and the design of the buildings that frame them, are designed to provide comfortable public “living rooms” and gathering places for the neighborhoods. Throughout the Islands, these spaces are connected by pleasant pathways to useful destinations, where residents and visitors can informally interact.

The placemaking framework is illustrated in **Figure 3.8**.

Source: CMG Architects

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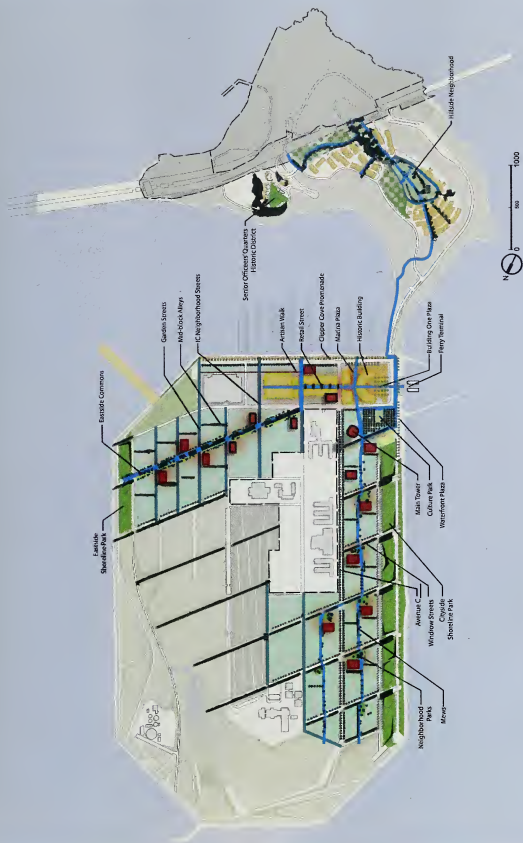
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Figure 3.7

VEHICLE ACCESS FRAMEWORK





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Figure 3.8

PLACEMAKING FRAMEWORK

3.5 LAND USE & DEVELOPMENT PROGRAM

The land use and development program for the Project includes a mix of residential, commercial, and open space uses, as summarized in **Table 3.1** below. In addition, through a separate project, TIDA will expand the existing Marina from 100 to 400 slips. Because the transportation services provided in this Project will serve Marina demand, those uses are included in the Implementation Plan. Existing travel demand that will remain with construction of the Project, such as from the Job Corps Campus and the Coast Guard Station, was also included in the EIR travel projections and therefore in this Implementation Plan.

The mix of uses is organized into five distinct districts. While all five are based on common principles of sustainable neighborhood design—compact urban form, diverse uses and housing choices, and a pedestrian-oriented public realm to encourage social interaction—each has its own unique design character. The Island Center is an active district with a memorable skyline, an inviting network of lively spaces, a retail street and plazas, Marina and water access, and the density and intensity to support an intermodal transit center. The Cityside district includes a diversity of housing types clustered around neighborhood parks and linked by a new street with primary pedestrian and bicycle use and limited vehicular service. The Eastside neighborhoods comprise the third planning district, defined by its seven block Eastside Commons, and its physical and visual access to open spaces and regional views. Open Space constitutes a fourth district, contributing powerfully to the experience, image and identity of the Island and to the viability of its sustainable infrastructure and ecosystems. Finally, Yerba Buena Island is characterized by its natural form and habitat, hillside neighborhoods with panoramic views, a hilltop regional park, and links to a regional system of bicycle and pedestrian access.

Figure 3.9 illustrates the five districts within the Project area and the proposed land uses for the Island.

TABLE 3.1: LAND USE PROGRAM FOR THE PROJECT

LAND USE ^a	DESCRIPTION	ALLOWED PROGRAM
Residential	Treasure Island	7,700-7,850 units
	Yerba Buena Island	150-300 units
	Residential Subtotal	8,000 units
Hotel	Treasure Island	450 rooms
	Yerba Buena Island	50 rooms
	Hotel Subtotal	500 rooms
Retail	New Construction	140,000 sf
	Adaptive Reuse	67,000 sf
	Retail Subtotal	207,000 sf
Commercial / Other Adaptive Reuse	Building 1 (Community / Other Uses) ^b	51,000 sf
	Building 2 (Food Production / Other Uses) ^b	43,000sf
	Building 3 (Recreation / Entertainment Uses)	150,000 sf
	Office	100,000 sf
	Commercial / Adaptive Reuse Subtotal	344,000 sf
Community / Civic Facilities	Police / Fire Station	30,000 sf
	Museum	75,000 sf
	School	105,000 sf
	Other Community Facilities	48,500 sf
	Treasure Island Sailing Center	15,000 sf
	Community / Civic Facilities Subtotal	273,500 sf

Source: TIGD, 2010.

^a Land use program does not include existing uses (Job Corps and Coast Guard facilities), nor does it include the expansion of the existing Marina, which is a separate project.

^b Only portions of Buildings 1 and 2 are listed, as adaptive reuse for retail is not included in this figures, and is instead included in the retail totals, above.



Sources: CMG Architects

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TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN
Figure 3.9

ISLAND DISTRICTS AND LAND USES

On-Island services and amenities that support community life are spread throughout the Islands and accessible within a short walk of all neighborhoods. Key facilities include a school, police and fire station, corporation yard, Intermodal Transit Hub, and water treatment plant. The urban agricultural park and the Northern Shoreline Park and Wilds offer outstanding educational opportunities for residents, and the existing Treasure Island Sailing Center contributes to community building. The sports park is likely to generate day and evening activity serving on- and off-Island users. Sponsors and operators of other community facilities are encouraged to cluster around neighborhood parks, along the commons, and at the Island Center. Larger neighborhood parks are encouraged nearer to family-size housing, while senior and daycare services are encouraged in the neighborhoods and along shuttle routes.

The community services and amenities framework is illustrated in **Figure 3.10**.

4 BICYCLE AND PEDESTRIAN FACILITIES AND PROGRAMS

4.1 BICYCLE FACILITIES AND PROGRAMS

The proposed transportation implementation plan for Treasure Island also includes a variety of amenities and facilities designed to encourage use of bicycles for recreational trips and short-distance “lifestyle-needs” trips, such as from residential areas in the City Side and East Side districts to supermarkets and other goods and services in the Island Center.

As illustrated in **Figure 3.4**, a comprehensive network of Class 1 and Class 2 bikeways and other shared bikeways will provide access to all parts of the Island and connect to the proposed pedestrian / bike path on the new East Span of the Bay Bridge currently under construction. These bikeways are discussed in more detail in the following sections.

4.1.1 CLASS 1 BIKEWAYS

The network of Class 1 bikeways provides a web of dedicated bike-only or shared pedestrian / bike routes that serve as the core of the Island’s bikeway system. Designed to serve mostly recreational trips, these Class 1 bikeways serve as the primary connection with the proposed pedestrian / bike path on the new East Span of the Bay Bridge and provide circulation routes to the Island Center district and around the perimeter of Treasure Island. In particular, a shared pedestrian / bike path is provided in a complete circle along Treasure Island’s shoreline, while a second major bikeway provides a dedicated bike-only facility around the perimeter of the residential neighborhoods. Shorter bike-only and shared pedestrian / bike facilities provide additional connections between these two major routes, improving the convenience of recreational bicycle travel on the Island.

4.1.2 CLASS 2 BIKEWAYS

A network of Class 2 bikeways provides critical connections along the major north-south and east-west axes of the Island. Designed to serve commuter or destination-oriented cyclists rather than recreational users, these bikeways would serve as arterials for bicycle traffic, carrying bicyclists from residential neighborhoods to the Island Center district. In particular, two major Class 2 bikeways would be provided:

- A north-south bikeway along Avenue C, serving bicycle traffic bound to / from the City Side district; and

- An east-west bikeway along California Avenue, serving bicycle traffic bound to / from the East Side district and through the Island Center district.

In addition to these two major bikeways, an additional one-way eastbound bikeway would be provided along Clipper Cove Avenue, providing an additional east-west connection through the Island Center district, while another one-way bikeway along Treasure Island Road would loop along the west side of Yerba Buena Island to connect with the ramp touchdown carrying bicycle traffic to / from the new East Span pedestrian / bike path.

4.1.3 OTHER BIKEWAYS

In addition to the Class 1 and Class 2 bikeways, a series of smaller bikeways shared with pedestrians or with cars and other roadway traffic would serve as a finer-grained network of collector routes, connecting residents to the Island's Class 1 and Class 2 bikeways. These other bikeways primarily consist of two types of routes:

- The Shared Public Ways, or news, running north-south through the City Side district, parallel to Avenue C, would be shared facilities with pedestrians and autos. This new San Francisco street type being proposed for Treasure Island consists of curb-less right-of-ways that prioritize pedestrians and bicyclists over cars. These bikeways would serve as convenient "shortcuts" directly connected to / from the Island Center and Transit Hub area as well as connecting to the shared streets (discussed below); and
- All remaining streets on Treasure Island would be designed as bicycle-friendly shared streets much like Class 3 bikeways. These bikeways would primarily serve as collectors of bicycle traffic throughout the developed portions of the Island, directing this traffic to the major Class 2 bikeways along Avenue C and California Avenue. One additional shared street bikeway would serve as primarily a recreational route through the open space on the east side of Treasure Island.

4.1.4 BIKE PARKING AND AMENITIES

In addition to this comprehensive network of bikeways proposed for the two Islands, supplementary infrastructure would be designed to encourage bicycle use both on a regular and casual basis by ensuring convenience and comfort for bicycles. The key components of this effort would include provision of bicycle parking throughout the Island and a bicycle "library" for bicycle rentals to residents and visitors.

Public bike parking would be concentrated at major demand generators such as the Transit Hub or the Island Center district, or at scenic lookouts or major tourist spots expected to attract a large number of recreational bicyclists. In addition, the Design for Development requires that developers of residential and commercial uses provide bike parking on-site for their residents, employees, and visitors. While the quantity and quality of bike parking would vary depending on the associated use generating the demand, bike parking would be provided in sufficient quantity and quality to promote bike use and ensure the safety and security of bicyclists, their bicycles, and any personal possessions. Bike parking would generally be sheltered from wind, rain, or other inclement weather and be located so as to ensure a high degree of passive security from passersby or other bicyclists.

Options to bike to transit would be encouraged in a variety of ways. Ample bike parking would be provided at the Transit Hub for those who choose to leave their bike there, afterwards taking the bus or ferry and walking to their destinations in San Francisco or Oakland. While buses operated by SFMTA have more limited bike rack space, ferries with the capacity to carry a large number of bicycles would be selected. In addition, the shuttle route proposed for Yerba Buena Island would have extra bike capacity, in order to facilitate connections between Treasure Island and the new mixed-use path on the east span of the Bay Bridge.

TTTMA would also operate a special bicycle rental system available to residents and visitors alike, providing a convenient "library"-style service that promotes casual bicycling. The bicycle library would be staffed to provide users with assistance, and special access cards would provide access to the library outside of regular business hours. The bicycle library is discussed in more detail in Section 6.5.2.

4.2 PEDESTRIAN FACILITIES

The proposed transportation implementation plan for Treasure Island places an emphasis on alternative transport modes, including walking. As every visitor or resident on the Island will need to walk at some point in their trip—whether they are on-foot for most of their journey or only traveling from a bus-stop or parking facility to their final destination. As a result, ensuring a safe and pleasant pedestrian realm benefits all members of the Island community.

As illustrated in **Figure 3.5**, the Island's proposed pedestrian network consists of a hierarchical web of primary and secondary pedestrian routes, connected by a Bay Trail ringing around the Island and a series of smaller pedestrian paths filling in the remaining gaps. These pedestrian facilities are discussed in more detail in the following sections.

4.2.1 PRIMARY PEDESTRIAN ROUTES

A radial network of primary pedestrian routes emanating from the Ferry Terminal and Intermodal Transit Hub would serve as the backbone of the Island's pedestrian network. These routes would be the primary corridors for pedestrian traffic on the Island, moving residents between their homes and the Ferry Terminal / Intermodal Transit Hub and Island Center district. One route traveling from the Transit Hub to the Eastside Commons will be designed as a grand "pedestrian boulevard," while a series of two parallel routes, meandering through pedestrian-oriented mews, will connect the Transit Hub to the Cityside district.

4.2.2 SECONDARY PEDESTRIAN ROUTES

A series of secondary pedestrian routes would cover most of the remaining major streets on the Island, providing a connection between primary pedestrian routes and the finer-grained network of pedestrian paths. These routes would also serve as alternatives to the primary pedestrian routes along major pedestrian corridors, as well as critical connections when moving from one Island neighborhood to another.

4.2.3 BAY TRAIL

The San Francisco Bay Trail would fully encircle Treasure Island along the waterfront, connecting to the pedestrian / bike path on the East Span of the Bay Bridge via Treasure Island Road and Macalla Road. The Bay Trail would serve as the major recreational route on the Island, connecting open spaces and waterfront uses and offering scenic vistas looking out onto San Francisco Bay, Downtown San Francisco, and the new East Span of the Bay Bridge.

4.2.4 PEDESTRIAN PATHS

A finer-grained web of pedestrian paths would serve to fill small gaps in the pedestrian network, providing circulatory and access functions within residential neighborhoods and connecting residential neighborhoods with the open space and waterfront.

5 TRANSIT SERVICES

This section describes the transit routes that are proposed as part of the Project. These services include:

- Ferry service between Treasure Island and San Francisco;
- Bus service between Treasure Island and San Francisco;
- Bus service between Treasure Island and Oakland; and
- A free on-island shuttle system.

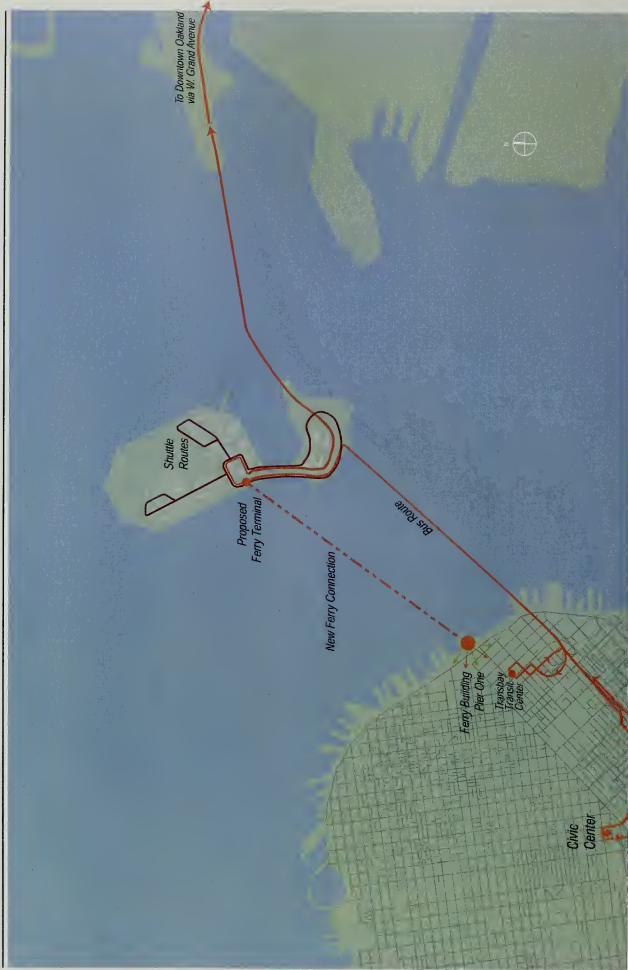
Chapter 7 provides more detail on how these routes would be operated.

The Environmental Impact Report (EIR) for the Project analyzes both a base level of transit service and an expanded level of transit service proposed as Mitigation Measure M-TR-2. The service as part of M-TR-2 is considered uncertain, because the expansion of Muni service must rely on future annual appropriations by future Boards of Supervisors, and because the provision of ferry service at the frequencies proposed by the mitigation measure requires expansion of the San Francisco berthing facilities, which relies on future environmental review and discretionary actions by the Port, the Board of Supervisors, and WETA. Nevertheless, it is the intention of the Project to implement these services, and therefore the service described below, and the commitments of TIDA and TICD, all assume that the mitigation measure is implemented.

5.1 FERRY SERVICE

Currently, there is no ferry service to Treasure Island. A new ferry service will be provided in conjunction with WETA between San Francisco's Ferry Terminal (Ferry Building) and Treasure Island. The proposed 1.8 mile ferry route between Treasure Island and San Francisco's Ferry Terminal is illustrated on **Figure 5.1**.

To serve the Island at full build-out, the Island will be served by up to three ferries operating every 15 minutes during peak periods. Multi-modal connections to the Treasure Island ferry terminal facility are designed and accommodated on the Island to make transfers to the ferries safe, direct, and quick. Ferries will operate between 5:00 am and 9:00 pm each day. Headways would be slower during off-peak periods (including midday, weekends, and nights), and service will be adjusted to meet demand. More information on the approach to service planning is included in **Chapter 7**.



TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN
Figure 5.1
PROPOSED TRANSIT SERVICE

5.2 BUS AND SHUTTLE SERVICE

Bi-directional transbay bus service would be offered. SFMTA would operate services between the Island and San Francisco, while AC Transit would operate service between the Island and the East Bay (Downtown Oakland). All transbay bus services would operate as express services, with limited stops on and off the Island. In addition, a free on-island shuttle would operate on Treasure Island and Yerba Buena Island to provide connections between the ferry or transbay bus services, Island residential and commercial uses, and open space.

All buses would originate and terminate service on Treasure Island at the Ferry Terminal and Intermodal Transit Hub. Layover space near the Hub is provided to maintain schedule reliability for AC and SFMTA (Muni) buses.

Figure 5.2 shows the routes that the buses and shuttles would travel on Treasure Island. A detail of the two-block loop where the transbay services would travel is included as **Figure 5.3**.

5.2.1 SAN FRANCISCO BUS SERVICE

With the proposed development, two bus routes to San Francisco are proposed: one between the Transit Hub and the Transbay Terminal, and one between the Transit Hub and the Civic Center area.

Service to the Transbay Terminal: At full build-out, this route would operate with service every five minutes in both the weekday AM and PM peak periods. Headways would be slower during off-peak periods, including midday, weekends, and nights. Like the existing 108 service, this route would provide owl service and operate 24 hours per day.

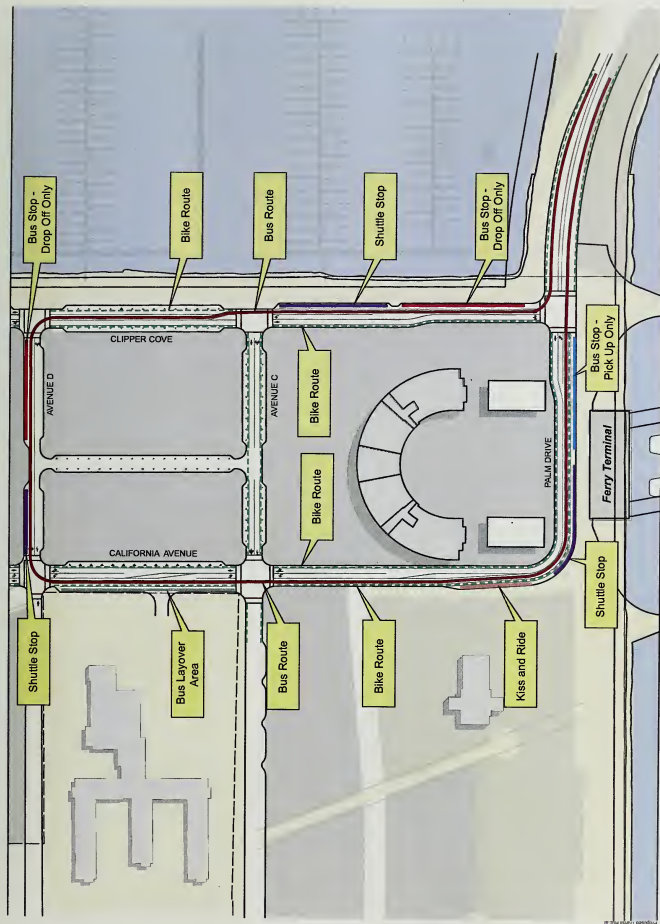
Service to the Civic Center area: At full build-out, this route would operate with service every 12 minutes in both the weekday AM and PM peak periods. Headways would be slower during off-peak periods, including midday, weekends, and nights. This route would not offer owl service.

Figure 5.4 shows the path the two routes would travel in San Francisco.



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TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN
Figure 5.2
PROPOSED BUS AND SHUTTLE ROUTES - TREASURE ISLAND



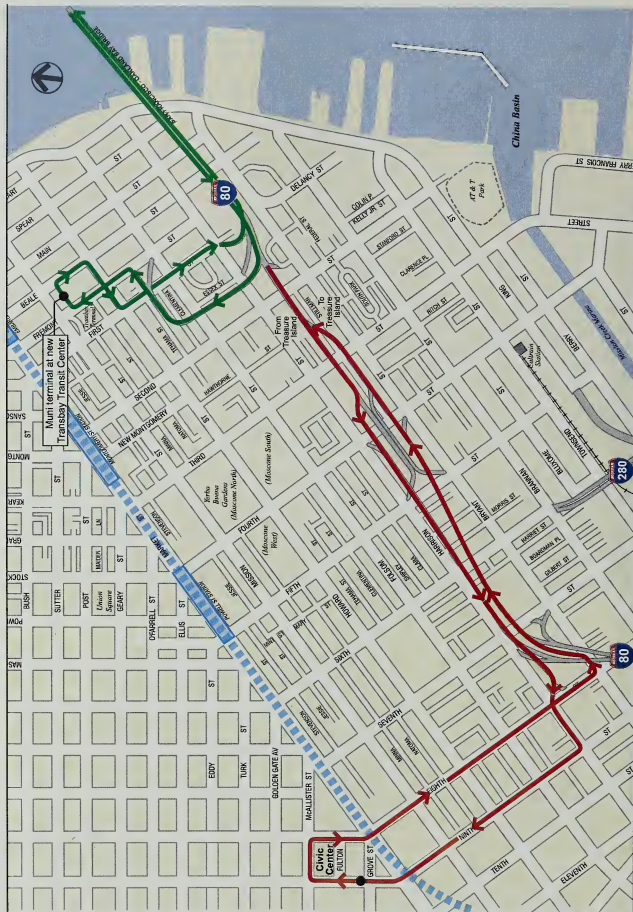
TREASURE ISLAND AND TRANSPORTATION IMPLEMENTATION PLAN

Figure 5.3

PROPOSED TRANSIT HUB

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TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN

PROPOSED BUS ROUTES - SAN FRANCISCO

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5.2.2 EAST BAY BUS SERVICE

There is currently no direct bus connection between the East Bay and Treasure Island. This Transportation Implementation Plan includes a new direct bus service from Treasure Island to Oakland Civic Center, with two stops at Broadway / 20th Street (19th Street BART Station and Uptown Transit Center) and Broadway / 14th Street (12th Street / Oakland City Center BART Station). Connections to both BART and other AC Transit lines are available at both these locations. **Figure 5.5** shows the route the buses would travel in Oakland.

At full build-out, this route would operate with service every 10 minutes in both the weekday AM and PM peak periods. Service would be less frequent during off-peak periods, including midday, weekends, and nights. This route would operate approximately 17 hours per day, from 5:00 am to 10:00 pm.

5.2.3 SHUTTLE SERVICE

The Project will provide a free on-island shuttle system as a convenient amenity for residents, employees, and visitors on Treasure Island, allowing for easy circulation around the Island for those who choose not to or are unable to walk or bike and serving as a critical “last-mile” connection for transit riders using the transbay buses or ferry service. The shuttles will serve the majority of land uses on Treasure Island and Yerba Buena Island, including open spaces, retail commercial zones, and residential neighborhoods. The shuttle service also enables the transbay bus services to avoid circling on-island, making that service more efficient and reliable.

The shuttles would operate primarily on three routes, two serving primarily Treasure Island and one primarily serving Yerba Buena Island. Shuttle vehicles will be designed to accommodate some bicycles, and all three shuttle routes would have connections to the transbay bus services and the ferry service. On weekends, routes could be extended as an optional service to the Northern Shoreline Park and Wilds open space areas on Treasure Island and the Great Whites area on Yerba Buena Island. The proposed routes for the two Treasure Island shuttle services and the one Yerba Buena Island shuttle service are shown in **Figure 5.2**.

The shuttle services would be free to riders and would operate 24 hours per day. All three routes would operate at regular headways from early in the morning until late in the evening. The headways and travel times would depend on the time of day and ridership, but would be timed to maximize coordination with ferry departures and arrivals.



TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN
Figure 5.5
PROPOSED BUS ROUTE - OAKLAND

5.3 TRANSIT HUB

The ferry and bus services will converge at an Intermodal Transit Hub to be located on the shoreline west of Building 1. Access to the Transit Hub would be via walking, biking, and the on-island shuttle service, and specific facility design and traffic management treatments would accommodate the safe and frequent circulation of these modes. The Transit Hub will provide a central location for ticket sales, travel, and tourist information. Other transportation services at the Transit Hub will include bus stops and facilities for East Bay and San Francisco bus service providers, shuttle service stops, bicycle parking, car-sharing pods, and administration / office accommodation for the Island's Travel Coordinator.

6 TRANSPORTATION DEMAND MANAGEMENT STRATEGIES

This chapter identifies the transportation demand management strategies designed to help the Project achieve the program goals and transit-oriented design guidelines outlined in **Chapter 2** and **Chapter 3**. Specific key transportation demand management strategies are discussed comprehensively and in detail, from the objectives to the methods of implementation.

The following measures are the key strategies for the Island's managing transportation demand:

- Congestion pricing program;
- Parking policies;
- Mandatory pre-paid transit voucher;
- Ramp metering; and
- Special events transportation planning.

Each of these topics is covered in depth below. In addition, a number of other TDM Programs, including car-sharing, a bicycle library, carpool and vanpool matching services, and a guaranteed ride home program, are proposed. These are also described below.

6.1 CONGESTION PRICING PROGRAM

The Transportation Program includes a congestion pricing program, authorized by the State Legislature in 2008, that will charge for access to and from Treasure Island and Yerba Buena Island. While charging vehicles for road space is a common traffic control technique on freeways and major roadways, its application in controlling traffic to and from a development is fairly innovative.

6.1.1 OBJECTIVES

The objectives of the Project's congestion pricing program are as follows:

- To create a disincentive for residents to use their cars for commute trips;
- To increase the competitiveness and attractiveness of transit for commute trips;
- To mitigate the peak period impact of trips generated by the development on the regional road network (the Bay Bridge) and ramp queues; and
- To provide financial support for transit operating costs and the transportation demand management programs.

6.1.2 AUTHORIZATION FOR THE PROGRAM

In 2008, the State of California passed legislation authorizing congestion pricing on Treasure Island as AB 981, the Treasure Island Transportation Management Act. The legislation authorized the following:

Designation by the Board of Supervisors of the City and County of San Francisco of a “transportation management agency.” Powers of the transportation management agency include recommending an initial congestion pricing fee structure (to be adopted by the Board of Supervisors), and adoption of revenue structures for on- and off-street parking (e.g., fees, fines, and penalties) and a transit voucher fee structure for Treasure Island and Yerba Buena Island. The agency would also be responsible for adopting and administering a transportation program, collecting and distributing all revenues generated on-Island by and for the on-Island program, and coordinating with the SFMTA regarding issues such as transit service, parking enforcement, and traffic signaling.

6.1.3 INITIAL OPERATING ASSUMPTIONS

The initial operating assumptions for the congestion pricing program are that charges will be applied to residents only, in both directions (on and off the Island) during the peak periods of 6:00 am to 9:00 am and 4:00 pm to 7:00 pm, Monday through Friday. The initial operating assumptions for the congestion pricing program are described in detail in Section 9.2.1. As also described in that section, the assumptions are subject to change by the ITTMA depending on actual Project performance.

6.1.4 PROPOSED METHOD OF COLLECTION AND ENFORCEMENT

The ultimate method of collection will be determined closer to the opening of the first phase of development, to take advantage of the latest in automated collection technology. The current approach is based on existing proven electronic technology such as the radio frequency identification (RFID) transponders used in FasTrak. The method of collection would be determined by the ITTMA based on available technology at the time of Project opening.

All residents who have a car on the Island will be required to register their vehicle. If an electronic toll collection method is selected that requires a transponder, the residents would receive a transponder device as part of this process and be required to permanently fix the device to the car, allowing for the monitoring of both parking use and road user charges.

Enforcement technology could include imaging or video technology to read and record license plates, as is already used by FasTrak at toll booths such as on the Bay Bridge. Depending upon the technology

used and the institutional operating framework, it may be possible to link the road user charging technology to the parking technology (discussed below) to provide a single platform for the monitoring and enforcement of transportation on the Island.

The TITMA will be responsible for collection and enforcement, but may contract with third-party collection entities (e.g. FasTrak) and / or law enforcement agencies to carry out these duties.

6.2 PARKING POLICIES

The Project's parking policies are designed to reduce the overall usage of private automobiles through pricing, supply, new technology, and effective monitoring programs.

6.2.1 PARKING MAXIMUMS

The Project's *Design for Development* sets out the parking limits that apply to the Project. There are no parking minimums; the parking limits are maximums, and establish the maximum number of parking spaces that can be provided Island-wide. This is in contrast to more typical San Francisco zoning, where parking limits are imposed on a project-by-project basis but parking outside the project is not controlled. The parking limits were based on the San Francisco Planning Code, Section 151 and the Institute of Transportation Engineers; *Parking Generation, Third Edition*, modified to reflect unique conditions on Treasure Island. The number of parking spaces provided for each land use is lower than the ITE demand, which is consistent with the Island's parking principles of discouraging the use of private automobiles through a strict and regulated parking supply.

The parking maximums by land use as established in the Project's *Design for Development* are described below:

- Residential: One (1) space per dwelling unit;
- Office / Commercial: Two (2) spaces for every 1,000 square feet of gross floor area;
- Retail: Two (2) spaces for every 1,000 square feet of gross floor area;
- Hotel: 0.8 spaces per room; and
- Marina: 0.6 spaces per slip.

6.2.2 RESIDENTIAL PARKING

The approach to residential parking is a central part of the comprehensive transportation program, the goals of which include minimizing the impact of the automobile on the future development, while still enabling the Project to be economically feasible. Residential parking will be limited to an island-wide maximum ratio of one space per home. This cap will apply regardless of where the parking spaces are located, either within the building where the resident resides or in a centralized parking facility. Because the geotechnical approach to stabilizing Treasure Island enabled a substantial amount of the parking to be provided underground, it is anticipated that most of the residential parking (approximately 80-85%) will be provided in subterranean garages underneath residential buildings, while the balance would be provided in separate centralized facilities.

The cap will be administered by TICD and TIDA in accordance with the procedures set out in the *Design for Development and Disposition and Development Agreement*. Under the *Disposition and Development Agreement* and one of its exhibits, the *Design Review and Development Approval Process* (DRDAP), TICD will be required to make applications to TIDA for large groups of blocks (known as Major Phases) and smaller subsets within those Major Phases (known as Sub-phases). As part of its Major Phase and Sub-Phase Applications, TICD must identify the number of parking spaces allocated to each Major Phase and each Sub-phase. Individual lots within each Sub-phase must be sold with a recorded restriction on the number of parking spaces that can be constructed on the lot by the applicable vertical developer. TIDA will track the number of spaces allocated and constructed within each Sub-phase to ensure that the Island-wide cap is not exceeded.

In addition, all residential parking will be economically “unbundled” from the cost of buying or renting a home.² This means that residents will have the option to purchase or rent a parking space with their home, but will not be required to do so a condition of their purchase or lease.

All residents who own a car (whether owners or renters) will be subject to a parking charge (either monthly rental or purchase) if they choose to utilize a parking space. Residential parking charges will be set at market rates for residential units priced at market or inclusionary levels. Affordable housing units constructed by or on behalf of TIDA, including Treasure Island Homeless Development Initiative (TIHDI) units, will be able to set their own parking prices. As discussed below, all on-street parking will also incur a charge, making it impossible for a resident to park on-street to avoid parking charges for structured parking.

² The *Design for Development* permits exceptions to this unbundling only for affordable housing developments where unbundling is not permitted by the financing sources.

Residential parking will be constructed by private developers or, for centralized facilities, by TICD or another developer on behalf of private developers, and leased or sold to individual households. Residential parking revenues would not be used as a funding source to support long-term transit operations.

6.2.3 Non-Residential Parking

Parking for all uses other than residential—including commercial, visitor, and recreational parking—will be located on-street or in centralized parking garages. The TITMA will operate all non-residential parking on the island, including both on-street and off-street parking serving the development, and all revenues generated on-island will be collected by TITMA to support the TDM programs and fund transit operations for the Project.

While the congestion pricing program applies only to residents, the TITMA-administered parking program will be aimed primarily at employees and visitors. Pricing of parking presents an opportunity to influence employee and visitor transportation travel behavior. Accordingly, non-residential parking will be priced as follows:

- All parking will incur a charge;
- Retail parking will be located in a parking garage separate from the retail buildings and the total supply controlled as the development is built out; and
- Retail or hotel users would not receive free parking through validation.

Like residential parking, hotel parking will be constructed by private hotel developers and the revenues from this parking would not be used as a funding source to support long-term transit operations. For all other commercial parking facilities, the TITMA will be responsible for setting parking rates and providing a comprehensive monitoring and enforcement program. Program implementation is discussed in more detail in Section 9.2.

ON-STREET PARKING

On-street parking will be priced and managed as follows:

- All on-street parking will be charged, using wireless technologies similar to those already in use for the SFpark program;

- All on-street spaces will be available to visitors with charges assessed on an hourly basis and calculated to encourage short-term use;
- Spaces will be controlled by multi-space meters; and
- Charges will apply from early morning (7:00 am) to late evening (10:00 pm) to discourage residents from using on-street spaces.

TICD will be responsible for installing the specified parking equipment (including meters, monitoring technology, etc.) on the streets when they are initially built.

OFF-STREET PARKING

Off street parking will be in centralized parking garages and in surface lots located adjacent to recreation / open space areas. The locations of each public (non-residential) parking facility are shown in **Figure 6.1**.

TICD will be responsible for constructing enclosed parking structures and dedicating them to TIDA or the TITMA. The design of the centralized parking facilities must conform to the standards and guidelines set forth in the *Design for Development*. The enclosed parking structures would be sized to provide parking for the non-residential (i.e. commercial and visitor serving) uses, in accordance with the parking limits set forth in the *Design for Development*. The use of centralized garages would allow for the pool of parking to be shared among different uses.

The enclosed parking structures could include some stalls intended for residential use, subject to the Island-wide cap on residential parking. In this case, the stalls would be sold or leased to individual residents for their exclusive use.

The TITMA will apply the following principles in pricing centralized garages:

- All spaces will be subject to a charge; and
- Charges for non-residential uses will encourage short-term use (up to 4 hours).

Surface parking lots that serve open space facilities will generally be built by TICD as part of the open space improvements. All spaces in surface off-street parking facilities will be subject to a parking charge consistent with the charge for on-street spaces and based on the same concepts for parking management.

Source: CMG Architects

TICD

Treasure Island Community Development, LLC

TREASURE ISLAND TRANSPORTATION IMPLEMENTATION PLAN
Figure 6.1

PUBLIC PARKING FACILITIES



The off-street parking supply will be phased to correspond to the level of development during construction. In early phases, temporary surface lots and temporary parking inside of Building 3 will be used in order to provide the minimum amount of parking needed for the then-current uses. The use of temporary facilities will enable the TITMA to better judge the demand for parking on the Island and determine how large the permanent parking facilities need to be. If warranted, larger centralized parking facilities will be built over time to help meet new demand, but still in accordance with Island-wide parking caps and the other objectives of this Implementation Plan. The TITMA will also use its variable parking pricing structure to keep parking supply and demand balanced as development occurs. In the very long-term, the land use plan for the Island is flexible, so if more parking was constructed than was later determined to be actually needed, TITMA could elect to adaptively reuse the garages or demolish them and convert the land to other uses.

At several key locations on the Island, information regarding parking facility locations will be posted to advise visitors where the parking facilities for each land use are located. The Project will evaluate the opportunities for real-time parking information at critical locations. It would be TITCD's obligation to provide a comprehensive signage program that includes parking wayfinding. Such a program could include the use of real-time parking information, which would enable visitors to drive straight to the facility that is closest to their destination without creating confusion regarding how to travel around the Island during peak travel periods, thereby reducing automobile congestion on the Island.

6.3 MANDATORY PRE-PAID TRANSIT VOUCHER

In 2010, the Metropolitan Transportation Commission (MTC) launched a universal transit smartcard system called the "Clipper Card," which enables transit users to make fare payments on all Bay Area transit providers with a single card. All of the transit providers proposed on Treasure Island currently accept the Clipper Card, or will do so in the near future (the system is already in use on both Muni and AC Transit, and coordination is underway to rollout the system on future WETA-operated ferries).

The Project proposes to build the cost of a pre-paid Clipper Card into the Island's housing costs (i.e., homeowners dues or rents) and hotel room rates. Because the cost of the card is built into the housing or hotel room costs regardless of whether or not it is used, residents or visitors who do use their Clipper Card for transit will not be required to pay fares out of pocket and will essentially experience "free" transit service up to the amount on their cards. The convenience of smartcards, which can eliminate the hassle of determining arcane fare policies and make transit more accessible to casual users, have been demonstrated to have a positive impact on people choosing and using transit. For example, transit ridership in New York City, Washington, D.C., and Chicago increased with the

introduction of new payment options (such as smartcards) in combination with fare discount programs or integrated fare structures.³

The TITMA would set the fee for the transit voucher, which would escalate over time. Current projections assume each household would pay \$60 per month (equivalent to a monthly Muni “M” Fast Pass, good for all Muni service). The \$60 monthly fee would be returned to the household on a Clipper Card, which could be used as monetary value towards the purchase of a monthly bus or ferry pass, or individual transit rides on any system, on or off the Island. The pass would likely be charged as part of the homeowner’s fees, and would be mandatory for each market-rate or inclusionary home. The \$60 monthly fee for the voucher would be required for all market-rate units regardless of whether the voucher is used or not, but affordable housing units built by or on behalf of TIDA, including TIHDI, would not be required to participate in the program. Since the monthly fee would be included in homeowners dues or rents, enforcement of the monthly fee would occur through the same mechanisms as enforcement of homeowners dues or rents.

In addition, hotel guests would be required to purchase a voucher with a certain pre-loaded value that could be used towards transit fares.

6.4 RAMP METERING

Ramp metering is proposed to be implemented by Caltrans on or near all on-ramps onto the Bay Bridge from Yerba Buena Island to control the volume of vehicles accessing the bridge and to improve safety when vehicles attempt to enter the freeway.

Ramp meters are traffic signals placed on freeway entrance ramps to control the flow of vehicles entering the freeway. They are a commonly-used tool designed to decrease congestion and improve the average speed of vehicles traveling on the freeway by controlling vehicular flow at freeway on-ramps. By installing a meter at the on-ramp, the rate at which vehicles enter the freeway can be controlled. Vehicles entering at intervals are less likely to slow down mainline traffic and can merge onto the freeway without causing the traditional bottlenecks typically associated with heavy on-ramp traffic volumes. Meters also keep traffic on the mainline facility from exceeding its capacity.

3 Victoria Transport Policy Institute. *Online TDM Encyclopedia: Public Transit Encouragement*. <http://www.vtpi.org/tdm/tdm112.htm>. Accessed December 22, 2010, 11:00 am.

Ramp metering of the on-ramps to the Bay Bridge from the Island is in different stages of implementation. The eastbound on-ramp is in the process of being reconstructed by Caltrans as part of the East Span Seismic Safety Project, and after reconstruction, will feature ramp metering.

There are also two existing westbound on-ramps (one each on the east and west sides of Yerba Buena Island), both currently stop-controlled. While these stop-controlled freeway on-ramps effectively act as metered on-ramps, unlike true metered ramps, the service rate for these on-ramps cannot be varied. As part of the Yerba Buena Island Ramps Improvement Project being studied by the San Francisco County Transportation Authority (SFCTA) and Caltrans, the westbound on-ramp on the east side of Yerba Buena Island would be reconstructed and ramp metering added. As part of that project, the westbound on-ramp on the west side of Yerba Buena Island would remain stop-controlled but would be closed to the general public and reserved for the exclusive use of transit and emergency vehicles.

Ramp metering on the Island on-ramps would be operated by Caltrans. TITMA would prepare materials to be given to all residents and employers advising them of the ramp meter and the potential delays associated with driving during peak periods. Ultimately, Caltrans and TITMA would coordinate to facilitate effective implementation of this mechanism.

6.5 SPECIAL EVENT TRANSPORTATION PLANNING

The Island's unique location in the middle of San Francisco Bay makes it a popular venue for events large and small, from intimate family weddings to concerts that attract thousands of visitors. Several large-scale events are already held annually on the Island, including various festivals and performances. Managing travel needs and demands during these events becomes an even more critical as the Island population grows and new land uses that could attract additional visitors and events are opened.

In general, sponsors of special events would be required to file an approved TDM plan for the event. The plan would detail all the necessary requirements to ensure that all transportation-related activities for the event, including visitor access and parking / loading operations, do not substantially impact the travel needs of residents or other members of the Island community. Possible elements of the plan could include enhanced bus or ferry services to and from the Island, augmented on-island shuttle services, and parking management.

6.6 OTHER TDM PROGRAMS

6.6.1 CAR-SHARE PROGRAM

A car-share program will provide a network of vehicles parked in neighborhood "pods." Members would check out vehicles for use, making payments based on the total duration of the check-out period and/or the distance driven. Through a partnership with a car-share operator, a car-share program will be implemented to allow members to use vehicles when needed, and to pay based only on how much they drive, thus reducing the fixed costs associated with private automobile ownership.

The Design for Development requires car-share spaces be provided by any project that contains 50 or more residential units or commercial or non-accessory parking structures with 25 or more stalls. The car-share spaces must be made available to car-share organizations at no cost. TITMA would coordinate agreement(s) with car-share operator(s) to determine the appropriate number of cars and locations for them on Treasure Island.

6.6.2 BICYCLE FLEET

Treasure Island will have a fleet of bicycles, provided by TICD, available for checkout from a secure central "bike station" located at or near the Ferry Terminal. The TITMA will be responsible for overseeing the program, which is intended to use "library"-style management techniques that will provide accountability and usage tracking superior to anonymous "free bike" programs that have been tried in other cities. Visitors and residents will be able to borrow bicycles like library books, with free use for residents and a free or nominal fee for visitors. The bike station will be attended during daytime hours seven days a week. The facility's secure bicycle storage area will be accessible during unattended hours by residents with an access card.



6.6.3 CARPOOL AND VANPOOL RIDEMATCHING SERVICES

Carpool and vanpool ridematching services would be provided by the TITMA staff, and designated spaces would be provided in the Island's parking facilities for vanpools, free of charge. Ridematching for carpool and vanpool riders would be arranged through the Project travel website, administered by TITMA staff. Consistent with state legislation, HOV carpools and vanpools meeting the requirements of the TITMA would not be subject to congestion pricing charges.

6.6.4 GUARANTEED RIDE HOME PROGRAM

A guaranteed ride home program would be included as part of the Island's overall TDM program. Under this program, Island residents and employees who are registered as carpool or transit riders would be reimbursed for return trip travel in the event of an emergency where an alternative means of travel is not available. These travelers could use a taxi service to complete their return trip and would receive reimbursement for the cost of the trip by the TDM program.

6.6.5 VISITOR AND EMPLOYEE TDM PROGRAMS

Transportation demand measures are intended to affect the travel behavior of all users of the island. All employers on the Island will be required to participate in TDM programs, and the TITMA's Travel Coordinator (discussed in Section 9.1, below) will work with employers to monitor progress and provide support. The TITMA will develop a detailed employer TDM program that will specify what programs are required of employers of different sizes. Each employer will be required to designate a single contact for transportation purposes.

The TITMA will coordinate its activities with those of the Island's employers to ensure that employees are kept fully informed of the available programs and any promotional activities and will be available to assist with new employee orientation. In addition, the Travel Coordinator will be available to coordinate these services on behalf of smaller employers. The Travel Coordinator would also be expected to work with on-Island retailers to provide delivery options to on-Island customers, providing another alternative to driving to stores to meet one's daily needs.

Many of the Project's transportation policies and services already support transportation demand management for visitors and employees, including the following measures:

- Establishment of priced parking for all employees and visitors;
- Availability of convenient transit services;

- Provision of bicycle access to the East Bay;
- Implementation of a car-share program;
- Establishment of a bicycle library;
- Operation of an on-Island shuttle service;
- Provision of on-Island amenities including child care facilities; and
- Provision of a pre-paid transit voucher for hotel guests.

In addition, all reasonably-sized employers (e.g., greater than 25 employees) will have design and program requirements imposed on them, including the following:

Required Design Features in the Design for Development

- Bicycle parking in a controlled-access or secure area;
- Design that is easily accessible by pedestrian and bicycle routes and transit;

Required TDM Programs

- Carpool and vanpool ride-matching services, including designated spaces and reduced parking charges for carpools and vanpools; and
- Guaranteed ride home for registered carpool, vanpool, and transit riders in emergency situations.

Implementation of these TDM programs would be imposed on employers through stipulations in their lease agreements.

In addition, employers will be expected to offer programs to reduce automobile use and encourage the use of alternative modes. The programs include the following measures:

- Alternative commute subsidies or parking “cash-out.” Employees are provided with a subsidy if they commute by transit or other alternative modes;
- Opportunities to provide employees with the option to purchase commuter checks;

- Opportunities to provide completely subsidized vanpool service for hotel employers or large employers;
- Marketing of alternative travel options. Employers, particularly hotels, will be encouraged to provide information to prospective visitors relative to the alternative modes of travel available;
- Special event planning. As part of planning for special events, such as weddings or hotel events, event sponsors will be required to develop individual TDM programs to meet the event's travel needs without disrupting the travel needs of Island residents or other members of the Island community (see Section 9.3 for more detail);
- Compressed work week and flextime: Employees are given the option to adjust their work schedule to reduce trips to the worksite; and
- Telecommuting options.

Some of these programs, such as special event planning, will be mandatory, but others may be optional or only enforced depending on the size of the employer.

PART TWO: IMPLEMENTATION

7 IMPLEMENTATION FRAMEWORK

7.1 THE TREASURE ISLAND TRANSPORTATION MANAGEMENT AGENCY

The transportation program for Treasure Island calls for the establishment of a Treasure Island Transportation Management Agency (TITMA), which will be responsible for regulating charges and collecting revenues associated with off-street and non-residential on-street parking facilities and the congestion pricing program, and distributing those revenues to support the proposed transit operations and transportation demand programs contemplated in the transportation program.

The creation of the TITMA was authorized by the State Legislature in 2008 as part of AB 981 (Transportation Authorizing Legislation). The Transportation Authorizing Legislation authorized the San Francisco Board of Supervisors to designate a board or agency to act as the transportation management agency for Treasure Island and Yerba Buena Island. The Treasure Island Transportation Management Agency (TITMA) is the name of the agency designated in AB 981. AB 981 also authorizes the Board of Supervisors and the San Francisco County Transportation Authority, by a two-thirds majority of each body, to adopt a congestion pricing program for Treasure Island and Yerba Buena Island and to set an initial congestion pricing fee structure based on recommendation by TITMA. AB 981 authorizes TITMA, among other things, to establish parking fees, fines, and other parking-related revenues; to establish a transit pass fee structure and program; and to adopt amendments to the congestion pricing fee structure.

Pursuant to the Legislation, TIDA shall recommend, and the Board of Supervisors shall affirm, the creation or designation of the TITMA. **[To be expanded]**

7.2 RESPONSIBILITIES OF THE TITMA

7.2.1 TRANSPORTATION REVENUE COLLECTION

The TITMA will be responsible for the following tasks related to transportation revenue collection.

- Management of the congestion pricing program for the Island, including setting pricing, collecting revenues, enforcing collection, monitoring performance, and reporting findings to the State legislature;

- Management of the commercial and on-street parking on the Island, including setting pricing, collecting revenues, enforcing collection, and ownership and maintenance of the parking garages; and
- Monitoring of the Master HOA's compliance with the requirement to charge all private households (except those in affordable housing projects) and hotel guests for a pre-paid transit voucher.

7.2.2 COORDINATION OF TRANSIT SERVICES

The TTMA will be responsible for the following tasks related to coordination of transit services.

- Contracting for on-Island shuttle service to be provided at no cost to riders, including setting routes and schedules and paying for operating costs;
- Contracting for ferry service to be provided between Treasure Island and San Francisco, including coordinating with WETA on setting routes and schedules, and subsidizing operating costs, in accordance with the terms of the WETA MOU attached to this document and described further below;
- Contracting for bus service to be provided between Treasure Island and Oakland, including coordinating with AC Transit on setting routes and schedules, and subsidizing operating costs, in accordance with the terms of the AC Transit MOU attached to this document and described further below; and
- Coordination with SFMTA on its operations of the bus service between Treasure Island and San Francisco, in accordance with the Interagency Cooperation Agreement (ICA).

7.2.3 ADMINISTRATION OF OTHER TRANSPORTATION DEMAND MANAGEMENT (TDM) MEASURES

The TTMA will be responsible for the following tasks related to administration of other TDM measures.

- Hiring of a Transportation Coordinator;
- Coordination of the Island's car-share network;
- Establishment and operation of the bicycle library;

- Provision of carpool and vanpool matching services;
- Coordination of the guaranteed ride home program;
- Coordination with Employers on their TDM programs; and
- Coordination with Caltrans on ramp metering.

7.2.4 COMPLIANCE WITH TRANSPORTATION MITIGATION MEASURES

The TITMA will be responsible for the following tasks related to compliance with transportation mitigation measures.

- Development of a construction traffic management plan in accordance with Mitigation Measure M-TR-1;
- Coordination of the transit services in accordance with Mitigation Measure M-TR-2 ; and
- Monitoring of on-island queuing in accordance with Mitigation Measure M-TR-24.

7.3 TRANSPORTATION FUNDING STRUCTURE

An underlying principle of the Treasure Island / Yerba Buena Island Redevelopment Project is that the overall Project, including all of its components, is financially feasible. This concept is carried through to the Transportation Implementation Plan and an explicit goal of the comprehensive program outlined in this document is the establishment of a structure of flexible programs that support a transportation system that is financially feasible in terms of upfront capital costs and long-term operations.

The framework for financial feasibility is that the capital costs needed for the Project's transportation program will be provided as part of the up-front costs of development, with a minimal amount of outside leverage. On an operating basis, the Project includes several sources of revenues, to be collected by the TITMA, which, in conjunction with fare box revenues, are projected to cover the costs of operating the transit services and the TDM programs for which the TITMA is responsible. In the short-term, prior to completion of the Project, shortfalls in operating costs will be covered by a fixed schedule of payments from TICD to be made to TITMA through TIDA, as required under the DDA.

As it is not possible to know precisely how the Island's transportation demands and service needs will vary over time, the Transportation Implementation Plan is designed to be flexible. As transportation demands and service needs become established and begin to evolve, the Plan's many services and

demand management mechanisms can be modified to promote long term financial stability. Parking pricing, congestion pricing, transit fares and ramp metering are some of the important transportation demand levers at the disposal of TITMA. These mechanisms, combined with changes to transit providers service plans to better suit the varying needs of the Island, can adjust in order to provide a balanced system (both operationally and financially) that is optimized to best meet the Island's transportation needs.

This section provides a general overview of the capital costs and operating costs and revenues for the Project. More detailed projections are provided as part of each of the transportation program elements, described in **Chapter 8** and **Chapter 9**. **Chapter 10** summarizes the total costs.

7.3.1 CAPITAL COSTS AND REVENUES

As outlined in **Chapter 10**, the Project will fund more than \$139.9 million in capital costs for transit rolling stock, transit facilities, parking facilities, and certain other infrastructure elements of the TDM program. The Project is expected to fund 100% of the costs related to physical construction and will contribute to purchases of rolling stock, to be leveraged by federal matching funds for SFMTA buses only. In addition, TIDA and TIDC will work together with the various transit agencies and TITMA to seek new grants or other local, regional, and federal transportation funding sources to defray the capital requirements and enhance the Project's facilities. This could include grants to purchase ferry boats or buses, construct roads or ferry facilities, or implement pedestrian and bicycle improvements. In addition, opportunities for private funding sources would also be sought where appropriate, but, like grant funding, these funds are not assumed in the Project's capital budget display.

7.3.2 OPERATING COSTS AND REVENUES

Chapter 10 details the estimated operating costs and revenues associated with each of the elements of the transportation program. Overall, the total operating costs at build-out for the transportation program are estimated at approximately \$21.7 million. Total estimated operating revenues at build-out are approximately \$27.9 million.

Primary sources of program revenues include the following:

- Farebox revenues from transit operations, including mandatory pre-paid transit fares. Transit operators will collect fares from passengers, which could include both direct cash fares and fares paid through the pre-paid transit voucher mandatory for residents of market-rate developments and all hotel guests.

- Non-residential parking revenues. The TITMA would receive all non-residential parking revenues, and use those funds to support the island's transportation services and TDM programs.
- Congestion pricing fees.

Any surplus operating funds will be used for replacement transit costs or other transportation programs benefitting Treasure Island. During the early years of the Project before revenue sources such as parking and congestion pricing charges have reached certain levels, the overall transportation program operates at a financial deficit. The *Development and Disposition Agreement* would obligate TICD to provide a transit operating subsidy on a fixed schedule of payments, in order to make up for this projected shortfall.

Additional operating support in the form of grants or other funding could also be sought, either by the TITMA or by individual transit operators. For example, according to WETA, other potential funding sources for ferry service to Treasure Island could include the Federal Ferryboat Discretionary Fund. These funds would be used to supplement the above sources, but are not currently assumed.

8 TRANSIT OPERATIONS

8.1 FERRY SERVICE

A new ferry service will be provided in conjunction with WETA between San Francisco's Ferry Terminal (Ferry Building) and Treasure Island. The proposed 1.8 mile ferry route between Treasure Island and San Francisco's Ferry Terminal is illustrated in **Figure 5.1**.

8.1.1 SERVICE PLAN

The ferry demand to San Francisco for the weekday AM and PM peak hours was estimated in the Draft EIR for the Project. **Table 8.1** summarizes the service plan for the proposed ferry service at full build-out.

As shown in **Table 8.1**, at full build-out the Island will be served by a fleet of up to three ferries, operating at a combined frequency of every 15 minutes during peak periods. The service will operate between 5:00 am and 9:00 pm each day. Headways would be slower during off-peak periods (including midday, weekends, and nights), ranging between 30 and 60 minutes based on actual demand.

Table 8.1 shows three 299-passenger vessels operating at 15-minute frequencies at full build-out, but should ridership exceed that projected by the EIR forecasts, the size of vessels could be adjusted to meet demand. The vessels could range in size from 199- to 699-passenger boats, depending on ridership. Decisions about service levels would be coordinated between TITMA and WETA.

Ferry travel time between Treasure Island and the San Francisco Ferry Building is approximately 15 minutes each way. Cycle time for a side-loading vessel with capacity up to about 149 passengers is approximately 30 minutes, while a 199-passenger vessel could take slightly longer.

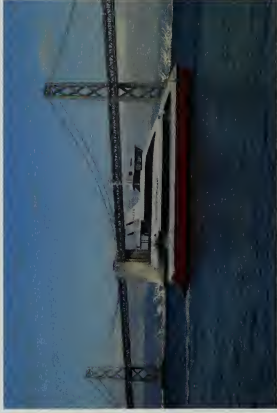


TABLE 8.1: SUMMARY OF PROJECTED FERRY SERVICE AT FULL BUILD-OUT

DIRECTION	TOTAL RIDERSHIP ^a	CAPACITY PER FERRY ^b	HEADWAY	LOAD FACTOR	NUMBER OF FERRIES REQUIRED
WEEKDAY AM PEAK HOUR					
Inbound	359	299 pax	15 min	0.50	3
Outbound	599				
WEEKDAY PM PEAK HOUR					
Inbound	719	299 pax	15 min	0.60	3
Outbound	516				

Source: Fehr & Peers, 2010; AECOM, 2010.

^a Ridership forecasts are based on the Project EIR and include ridership from the proposed expansion of the Marina and the existing land uses to remain after the development of the Project.

^b Service plan assumes 299-passenger vessels at 15-minute headways, but should ridership demand exceed capacity, the size of the vessel could be increased to accommodate more passengers.

8.1.2 CAPITAL NEEDS

There are two primary capital needs for the ferry component of the Project:

- Treasure Island ferry quay and terminal; and
- Expanded San Francisco landing facilities.

Also discussed in this section are the ferry vessels, although as described later, no capital costs would be associated with the vessels because they would be acquired through lease arrangements.

8.1.2.1 TREASURE ISLAND FERRY QUAY AND TERMINAL

The Infrastructure Plan attached to the DDA details the assumptions for the design of both the Treasure Island ferry quay and terminal. TICD is responsible for constructing the ferry quay (including the quay, side-loading ferry docks, breakwaters, and ferry basin) and terminal, according to the Schedule of Performance attached to the DDA. The quay itself would include two ferry slips for side-loading ferries and be designed to allow for replacement of the side-loading slips with bow-loading slips in the future, if and when passenger demand merits the change and funding for bow-loading facilities

is identified. TITMA and WETA would be responsible for coordinating the funding, design and engineering permitting, and construction of replacement facilities, including ensuring that service continues to be provided during construction.

The ferry infrastructure constructed by TIDC would be completed in two phases, with the first phase involving construction of the northern breakwater, along with the ferry slips and terminal. The southern breakwater would be constructed several years later, depending on the desired service frequencies, routine maintenance requirements (dredging), and other factors. The total cost of the ferry quay and terminal, including soft costs, would be approximately \$30.0 million (all in 2010 dollars).

8.1.2.2 EXPANDED SAN FRANCISCO LANDING FACILITIES

Consistent with the base level of transit described in the Project's EIR, the Project can operate one ferry at approximately 50-minute headways using existing landing facilities in San Francisco. Ferries up to 199 passengers and headways as frequent as 30 minutes would be feasible with minor adjustments to existing ferry service schedules. In order to operate ferries larger than 199 passengers or provide service more frequent than every 30 minutes, a dedicated dock for the Treasure Island service is required. WETA, together with the Port of San Francisco, has responsibility for funding, designing, and constructing those facilities.

WETA is currently preparing preliminary designs for the expansion of the San Francisco Ferry Terminal, and is expected to issue a Notice of Preparation and Notice of Intent to commence environmental review under CEQA and NEPA in the spring of 2011. While the preliminary plans for the expanded landing facilities are still being prepared, it is expected that the terminal will be expanded to accommodate six additional ferry berths. Two of these additional berths would be dedicated to the Treasure Island service, while the remaining additional berths would accommodate overall system expansion on other routes as well as layover space. The Treasure Island berths would be sized and configured in a manner that would accommodate the Treasure Island route's forecast ridership.

8.1.2.3 FERRY VESSELS

In 2009, WETA undertook a detailed study of the Treasure Island ferry service, in coordination with TIDC and TIDA. One component of that study was to examine a range of vessel types and determine which vessels might be most appropriate for the Treasure Island – San Francisco route.

The analysis recommended an adaptable system that would be compatible with other ferry operations on the Bay. In order to maintain flexible operations and to take advantage of existing resources, the

Project includes funding to lease vessels for the ferry service. The selected vessels are anticipated to be side-loading ferries with capacity for between 199 and 499 passengers. The cost of leasing vessels has been included in the operating assumptions for the ferry service, but the Project does not preclude ultimately purchasing, rather than leasing, boats, if the funds to do so were identified. Either side-loading or bow-loading vessels could be purchased (bow-loading vessels could be sized in the range of 399-899 passengers, if demand warranted it).

Since vessels would be leased, there is no capital cost associated with the ferry boats. Instead, the cost of leasing arrangements for vessels has been included in the average hourly cost for service and incorporated in the total operating costs for the service. Details on the ferry operating costs are included in Section 8.1.3.4.

8.1.3 OPERATIONS

8.1.3.1 RUNNING TIME AND SCHEDULING

Side loading ferries operating at an assumed cruise speed of 12 knots can make the 1.8 statute mile crossing in about 11 minutes, including time for docking. Occasionally, harbor traffic may increase the running time as ferries slow for the passage of other vessels. Allowances will be made in the schedule for such occurrences.⁴

The ferry's service schedule will be adjusted by WETA in coordination with the TITMA to meet actual ridership demands as the Project is built out and travel behavior changes over time. The highest demand is anticipated during weekday peak period commute times. Initially, service may be less frequent and over time peak period headways could be reduced to provide sufficient capacity to meet demand. Mid-day and weekend service will be less frequent commensurate with demand and to allow fueling and servicing of the vessels at an off-island location.

There may be seasonal changes to the service schedule to accommodate greater ridership demand during months with good weather, and as with other ferry services throughout the Bay, temporary reductions in service due to storms or high wave activity associated with high winds. During the off-peak season, temporary removal of vessels from service for maintenance and Coast Guard-required

⁴ For comparison with the proposed side-loading ferries, WETA's plans for bow-loading vessels assume a 16 knot speed to provide greater flexibility to avoid harbor traffic and maintain schedule. Because the bow-loading boats are double-ended and can dock quickly, combined with a faster speed, the crossing time is about 8 minutes for bow-loading vessels, including time for docking.

annual inspection may occur. The service schedule may be adjusted during these times, as with other ferry services currently operating on the Bay.

Because procurement of vessels for the proposed ferry service would ensure general uniformity of design with other WETA vessels, economies of scale would preclude the purchase or lease of spare vessels exclusively for use on the Treasure Island ferry service in the event of regular maintenance, major overhaul, or inspection. Instead, spare vessels during these periods would generally be shared between all routes in WETA's system.

8.1.3.2 FUELING, MAINTENANCE AND OVERNIGHT TIE-UP

Ferry vessels require fueling and service at regular intervals. No fueling and only light maintenance (cleaning, trash / recycling removal, fluids changes) of the ferry vessels would occur at Treasure Island. There would be no separate maintenance or fueling facilities provided on either Treasure Island or Yerba Buena Island. Fueling is most likely to occur at an off-island location such as WETA's planned Central Bay Maintenance Facility at Alameda, or the leased vessel owner's facilities.

Overnight tie-up of up to two vessels may occur at Treasure Island, in which case some vessel servicing and light maintenance may occur at night. Otherwise, overnight tie-up might occur at the vessel owner's facilities, or WETA's planned Pier 9 or Alameda facilities. Heavy maintenance of the vessels, such as engine overhaul, would occur at a private shipyard or WETA's planned maintenance facilities, as with other ferry services currently operating on the Bay and as planned for WETA's other expansion services, including Alameda-Oakland, Harbor Bay, South San Francisco, Berkeley, and Vallejo.

8.1.3.3 OPERATING COSTS

Ferry operating costs to be funded by the Project include costs for operating ferry service (including direct labor costs and additional operating costs such as fueling and maintenance), as well as the cost of leasing vessels for the service. Costs are based on WETA average service hour costs of \$800 to \$900 per hour depending on the type of staffing arrangement. **Table 8.2** summarizes the preliminary estimates for annual operating costs, based on these unit costs.

TABLE 8.2: FERRY OPERATING COST ASSUMPTIONS

NUMBER OF FERRIES	COST PER SERVICE HOUR	DAILY VESSEL-HOURS (WEEKDAYS)	ANNUAL OPERATING COSTS
One (1)	\$800	16	\$4,000,000
Two (2)	\$900	24	\$6,750,000
Three (3)	\$900	40	\$11,250,000

Source: Moffatt & Nichol, 2010; WETA, *Final Transition Plan*, 2009.

8.1.4 PHASING

The changes in ridership demand and service plan for the proposed ferry service as the Project is built out are summarized in **Table 8.3**. The service plan assumes the use of 199-passenger vessels in the first three phases of the development, with 299-passenger vessels entering service afterwards to help accommodate future demand. Should actual ridership exceed the forecasted estimates, however, the vessel size could be increased or headways reduced. Based on the phasing plan in **Table 8.3**, dedicated berthing facilities would be needed in San Francisco for Phase 4 and beyond.

8.1.5 ADDITIONAL FERRY SERVICES

EAST BAY AND SOUTH BAY FERRY SERVICE

In the future, ferry service could be provided between Treasure Island and the East Bay or South Bay, if demand warrants it and if such services are shown to be feasible. As proposed currently, transit service to the East Bay will be provided by buses, which sufficiently meet the Project's expected ridership demand in this corridor. Direct transit service to the South Bay is not currently proposed, but is possible by taking either a bus or ferry to San Francisco, walking on foot, and transferring to CalTrain at the Fourth / King terminal or to SamTrans service at the Transbay Terminal.

WATER TAXI

Water taxi service refers to water-based transportation by small boats or ferries with less capacity than the commuter ferries proposed by the Project. Water taxis are more often used as a non-commute mode, generally responding to specific demands generated by tourists, visitors, or special events. For example, depending upon demand, such a service may be proposed between Fisherman's Wharf and Treasure Island to serve visitors rather than residents or employees.

TABLE 8.3: FERRY SERVICE PHASING

LEVEL OF BUILD-OUT ^a	PEAK-HOUR RIDERSHIP IN PEAK DIRECTION ^b	CAPACITY PER FERRY	HEADWAY	LOAD FACTOR	NUMBER OF FERRIES REQUIRED
WEEKDAY AM PEAK HOUR					
Up to 1000 New Units	155	199 pax	60 min	0.78	1
Up to 2000 New Units	166		30 min	0.42	2
Up to 3000 New Units	224			0.56	
Up to 4000 New Units	289	299 pax	20 min	0.48	3
Up to 5000 New Units	367			0.41	
Up to 6000 New Units	409			0.46	
Up to 7000 New Units	495			0.55	
Up to 8000 New Units	599		15 min	0.50	
WEEKDAY PM PEAK HOUR					
Up to 1000 New Units	132	199 pax	60 min	0.67	1
Up to 2000 New Units	189		30 min	0.47	2
Up to 3000 New Units	266			0.67	
Up to 4000 New Units	343	299 pax	20 min	0.57	3
Up to 5000 New Units	454			0.51	
Up to 6000 New Units	504			0.56	
Up to 7000 New Units	602			0.67	
Up to 8000 New Units	719		15 min	0.60	

Source: Fehr & Peers, 2010; AECOM, 2010.

^a The assumptions on how land uses are built out over time are presented in Table 10.1.^b Ridership forecasts are based on the Project EIR and include ridership from the proposed expansion of the Marina and the existing land uses to remain after the development of the Project.

Water taxi service on Treasure Island would be operated and funded by a private operator, who would be entirely responsible for the capital and operating costs of the service. However, dock space could be made available to an operator at an affordable rate at either the expanded Marina in Clipper Cove or Pier 1 on the northeast corner of Treasure Island. Dock space would not be available in the ferry quay in order to minimize potential conflicts with ferry operations.

The Port of San Francisco has already recently awarded a contract for water taxi service between San Francisco, Marin, and Alameda counties. In San Francisco, these water taxis would serve Pier 1½ (near the Ferry Building) and the Hyde Street Harbor at Fisherman's Wharf. Fares across the bay would be approximately \$18, and the service would run from 6:00 am to 10:00 pm.

8.2 SAN FRANCISCO BUS SERVICE

Muni currently provides local transit service to Treasure Island, operated by SFMTA. Route 108 provides a service between Treasure Island and the Transbay Terminal operating 24 hours a day, seven days a week. On weekdays, buses run every 10 minutes during the AM peak period and every 15 minutes during the PM peak period, every 20 minutes during the midday and evening, and between 30 and 45 minutes at other times.



According to the most recent data available (collected by SFMTA between 2006 and 2007), peak one-directional flow on the 108 is 145 passengers per hour headed off the Island during the 8:00 to 9:00 am hour. The peak vehicle demand on Route 108 is four buses. The 108 service provides 16 stops on Treasure Island along Treasure Island Road, California Avenue, Avenue H, Gateview Avenue, Avenue B, and 9th Street. A connecting shuttle at the Treasure Island Main Gate serves Yerba Buena Island.

8.2.1 SERVICE PLAN

With the proposed development, two bus routes to San Francisco are proposed: one between the Transit Hub and the San Francisco Transbay Terminal, and one between the Transit Hub and the Civic Center area.

Service to the Transbay Terminal: During the weekday AM and PM peak periods, the minimum cycle time would vary between 23 and 25 minutes, which includes passenger loading / unloading, round-trip running time, and layover and recovery time. One bus could make two complete round-trips in one hour. The forecast bus service to and from the Transbay Terminal at full build-out is included in **Table 8.4**.

Service to the Civic Center area: During the weekday AM and PM peak periods, the minimum cycle time would vary between 44 and 47 minutes, which includes passenger loading / unloading, round-trip running time, and layover and recovery time. One bus could make one complete round-trip in one hour. The forecast bus service to and from the Civic Center area at full build-out is included in **Table 8.5**.

Currently, the Plan calls for all buses to originate and terminate service on Treasure Island at the Ferry Terminal and Intermodal Transit Hub. Access to the Intermodal Transit Hub would be via walking, biking, or the on-island shuttle service.

TABLE 8.4: PROJECTED SAN FRANCISCO BUS SERVICE – TRANSBAY TERMINAL SERVICE

DIRECTION	TOTAL RIDERSHIP ^a	CAPACITY PER BUS	HEADWAY	LOAD FACTOR	NUMBER OF BUSES REQUIRED ^{b,c}
WEEKDAY AM PEAK HOUR					
Inbound	276	94 pax	5 min	0.37	6
Outbound	414				
WEEKDAY PM PEAK HOUR					
Inbound	567	94 pax	5 min	0.50	6
Outbound	449				

Source: Fehr & Peers, 2010; AECOM, 2010; SFMTA, 2010.

^a Ridership forecasts are based on the Project EIR and include ridership from the proposed expansion of the Marina and the existing land uses to remain after the development of the Project.

^b These figures include the five standard coaches (four on-street and one maintenance float) currently serving Treasure Island on Muni Route 108; the number of new buses needed is four less than the number shown in each phase.

^c Also includes an additional maintenance float (20% of peak vehicle demand).

TABLE 8.5: PROJECTED SAN FRANCISCO BUS SERVICE – CIVIC CENTER SERVICE

DIRECTION	TOTAL RIDERSHIP ^a	CAPACITY PER BUS	HEADWAY	LOAD FACTOR	NUMBER OF BUSES REQUIRED ^b
WEEKDAY AM PEAK HOUR					
Inbound	118	63 pax	12 min	0.57	5
Outbound	181				
WEEKDAY PM PEAK HOUR					
Inbound	243	63 pax	12 min	0.77	5
Outbound	193				

Source: Fehr & Peers, 2010; AECOM, 2010; SFMTA, 2010.

^a Ridership forecasts are based on the Project EIR and include ridership from the proposed expansion of the Marina and the existing land uses to remain after the development of the Project.^b Also includes an additional maintenance float (20% of peak vehicle demand).

8.2.2 CAPITAL NEEDS

8.2.2.1 TREASURE ISLAND FACILITIES

Buses on the San Francisco services would make a two-block loop at the Transit Hub area shown in **Figure 5.7**. Bus stops for drop-off (alighting) and boarding (pick-up) would be segregated in the Transit Hub area. Alighting stops would be provided immediately east of the Palm Drive / Clipper Cove Avenue intersection (on the south side of Clipper Cove Avenue) and immediately north of the Avenue D / Clipper Cove Avenue intersection (on the east side of Avenue D). A single boarding stop would be provided directly outside the Ferry Terminal on the west side of Palm Drive. In general, both boarding and alighting stops would be designed with canopies or other shelter-type features to protect passengers from inclement weather and provide shade. A special “queue-jump” phase would be installed with the traffic signal near the Transit Hub to prioritize bus access to Treasure Island Road.

Layover facilities for San Francisco bus services would be located along the north side of California Avenue between Avenue C and Avenue D. In general, sidewalks at either end of boarding and alighting stops and the layover zone would be designed with bulbouts.

In addition to the bus stop and layover facilities, providing speedy and reliable access for buses to and from the Bay Bridge is critical to ensuring the viability and attractiveness of transit and reducing overall automobile use on the Island. However, limitations on ramp and bridge mainline capacities can conflict with this need to provide high-quality transit, as buses must generally share the road with other automobiles. To this effect, under the Yerba Buena Island Ramps Improvement Project, the existing westbound on-ramp from Treasure Island Road on the west side of Yerba Buena Island would be restricted to buses and emergency vehicles. Private automobiles and other vehicles would not be allowed to use this on-ramp and would instead be directed to use the westbound on-ramp from Macallan Road on the east side of Yerba Buena Island. This would ensure a dedicated access route to the bridge for the Transbay Terminal and Civic Center bus services.

In addition, Mitigation Measure M-TR-24, which is included in the EIR, would require the TITMA to monitor congestion on Treasure Island Road between the on-ramp and the Transit Hub. If the queues between First Street and the westbound on-ramp on the west side of Yerba Buena Island are observed to result in an operational delay to Muni service equal to or greater than the prevailing headway during the weekday AM / PM or Saturday peak periods, TITMA is required to implement a southbound transit-only lane between First Street on Treasure Island and the westbound Bay Bridge on-ramp (designated for transit and emergency vehicles only). The implementation of a transit-only lane would be triggered if impacts are observed over the course of six months at least 50 percent of the time during the weekday AM / PM or Saturday peak periods.

8.2.2.2 VEHICLES

To help meet the demand for bus service between the Island and Downtown San Francisco, at full build-out the Transbay Terminal service would operate with articulated (60-foot) buses, while the Civic Center service would use standard (40-foot) buses. In the early phases of the Project, the Transbay Terminal route would operate with standard 40-foot coaches on the same route as the existing 108 service, in order to ensure a gradual change in transit service for existing transit riders. Eventually, the route would switch to a point-to-point service as the Island is built out and the on-island shuttle service begins operations. When ridership demand warrants a switch to larger articulated buses, the standard coaches previously in use would then be transferred to the Civic Center service.

In keeping with the Island development's goals of environmental sustainability, all buses are planned to be diesel electric-hybrid coaches, using the same technology as in Muni's newest buses. However, Muni may decide to use different alternative-fuel technologies in the future as they are developed and made economically feasible.

At full build-out, the peak vehicle demand would be five buses on the Transbay Terminal service and four buses on the Civic Center service. In addition, Muni has a maintenance float policy of 20% of peak vehicle demand, yielding a total fleet requirement for the San Francisco bus services of eleven buses.

There are currently five buses used on the 108 Treasure Island route (four on-street and one maintenance float), so six additional buses would need to be purchased to provide the proposed services. To be conservative, these additional buses are all assumed to be larger, articulated coaches, although standard coaches could be used instead based on ridership and the operating assumptions at the time. TTCD will be responsible for covering 20% of the total cost of purchasing the seven new vehicles. The TTCD share of 20% is the typical local match portion required under federal programs that fund bus procurement. TTMA would work with SFMTA to seek funds under those federal programs. However, because federal funding is not yet committed to the Project, the remainder of the funding is conservatively assumed to be covered from Muni's share of the general fund revenues that are generated by the Project (e.g., sales tax revenues, property tax revenues, hotel taxes, etc.), as shown in the Fiscal Impact Analysis prepared in conjunction with approval of the DDA.

8.2.3 OPERATIONS

8.2.3.1 RUNNING TIME AND SCHEDULING

Round-trip running time (not including layovers or passenger boarding / alighting at terminals) would vary between 17 minutes during the weekday AM peak period and 19 minutes during the weekday PM peak period for the Transbay Terminal service (point-to-point) and between 35 minutes during the weekday AM peak period and 38 minutes during the weekday PM peak period for the Civic Center service. These estimates were generated by SFMTA based on empirical running times measured on similar segments for the 19 Polk and 108 Treasure Island in fall 2006 and spring 2007 as part of the Transit Effectiveness Project (TEP). For the early development phases, when the Transbay Terminal service operates along the same route as the existing 108 service, round-trip running times would remain unchanged from current conditions (30 minutes).

Based on typical Muni scheduling policy, the minimum cycle time is given as the round-trip running time with an additional 10 percent and a flat five minutes to account for layover and recovery time. This results in the minimum cycle times given in Section 8.2.1. It should be noted that these cycle times are based on current travel times. As roadway conditions (e.g., congestion) change in the future, a re-evaluation of these cycle times will likely be necessary to ensure the appropriate amount of slack is provided in the schedule.

8.2.3.2 LAYOVER OPERATIONS

As stated in Section 8.2.2.1, layover facilities would be provided on Treasure Island near the Ferry Terminal and Intermodal Transit Hub, along the north side of California Avenue between Avenue C and Avenue D. Buses arriving to the Island would first unload passengers at the first alighting stop at Palm Drive / Clipper Cove Avenue, then moving to the adjacent boarding stop to board passengers. Buses would then proceed to the second alighting stop at Avenue D / Clipper Cove Avenue before stopping in the layover zone. After the layover time has passed, the buses will then proceed to the boarding stop adjacent to the Ferry Terminal to board passengers heading back towards San Francisco.

If necessary, some layover time could be taken at the San Francisco terminals of both proposed services. In particular, the proposed Transbay Transit Center would include a street-level Muni terminal located on the block bounded by Mission Street on the north, Howard Street on the south, Fremont Street on the west, and Beale Street on the east, underneath the former elevated transit loop into the Transbay Terminal. Buses on the Transbay Terminal route could spend some portion of the allocated layover time at this location as passengers alight and board. Buses on the Civic Center service could take some layover time at the bus stop just north of Larkin Street / Grove Street, along the east side of Larkin Street. The current bus stop is approximately 75 feet long, but is only used by the 19 Polk, a relatively infrequent service (every 15 minutes during peak and midday periods, every 20 minutes during other times).

8.2.3.3 FUELING AND MAINTENANCE

No fueling or maintenance facilities would be provided on the Island. Similar to other buses in Muni's network, the buses on the proposed Transbay Terminal and Civic Center routes would fuel at Muni facilities in San Francisco.

TTTMA would work with SFMTA to provide clean-fuel vehicles when and where available and feasible. Currently, SFMTA uses biodiesel fuels in its diesel and hybrid diesel-electric bus fleets. SFMTA's *Climate Action Plan* also calls for maximizing use of zero-emissions vehicles (such as electric buses, light rail, and streetcars) and the city's *Zero Emissions 2020* plan discusses the possibility of purchasing and upgrading to hydrogen fuel cell buses when they become commercially available.

8.2.3.4 OPERATING COSTS

Financial analysis of San Francisco bus operations is documented separately in the Project's Fiscal Impact Analysis.

8.2.4 PHASING

The changes in ridership demand and service plan as the Project is built out for the Transbay Terminal and Civic Center services are summarized in **Table 8.6** and **Table 8.7**.

As shown in **Table 8.6**, the proposed Transbay Terminal service would operate along the same route as the existing 108 service, using standard (40-foot) coaches, for the first two development phases. When the development begins to exceed about 3,000 units, the service would switch to a point-to-point service that originates and terminates at the Intermodal Transit Hub, with the on-island shuttle service shuttling passengers to and from other points on the Island. When the development begins to exceed about 4,000 housing units, the Transbay Terminal service is then assumed to transition to articulated coaches in order to meet ridership demand, but the standard coaches previously used on the line could later be transitioned over to the Civic Center service, which commences operation when the development exceeds 6,000 units.

TABLE 8.6: TRANSBAY TERMINAL BUS SERVICE PHASING

LEVEL OF BUILD-OUT ^a	PEAK-HOUR RIDERSHIP IN PEAK DIRECTION ^b	CAPACITY PER BUS	HEADWAY	LOAD FACTOR	NUMBER OF BUSES REQUIRED ^{c,d}
WEEKDAY AM PEAK HOUR					
Up to 1000 New Units	90	63 pax	10 min	0.24	5 (standard)
Up to 2000 New Units	151			0.40	
Up to 3000 New Units	212			0.56	
Up to 4000 New Units ^e	272	94 pax	7.5 min	0.54	5 (articulated)
Up to 5000 New Units	347			0.46	
Up to 6000 New Units	386			0.51	
Up to 7000 New Units	317			0.42	
Up to 8000 New Units	414			5 min	
WEEKDAY PM PEAK HOUR					
Up to 1000 New Units	126	63 pax	10 min	0.33	5 (standard)
Up to 2000 New Units	213			0.56	
Up to 3000 New Units	300			0.79	
Up to 4000 New Units ^e	387	94 pax	7.5 min	0.77	5 (articulated)
Up to 5000 New Units	512			0.68	
Up to 6000 New Units	568			0.76	
Up to 7000 New Units	475			0.63	
Up to 8000 New Units	567			5 min	

Source: Fehr & Peers, 2010; AECOM, 2010; SFMTA, 2010.

^a The assumptions on how land uses are built out over time are presented in Table 10.1.^b Ridership forecasts are based on the Project EIR and include ridership from the proposed expansion of the Marina and the existing land uses to remain after the development of the Project.^c These figures include the five standard coaches (four on-street and one maintenance float) currently serving Treasure Island on Muni Route 108; the number of new buses needed is five less than the number shown in each phase.^d Also includes an additional maintenance float (20% of peak vehicle demand).^e Service switches from the existing Route 108 circulating through the Island to a point-to-point service, coincident with the start of the on-island shuttle service.

TABLE 8.7: CIVIC CENTER BUS SERVICE PHASING

LEVEL OF BUILD-OUT ^a	PEAK-HOUR RIDERSHIP IN PEAK DIRECTION ^b	CAPACITY PER BUS	HEADWAY	LOAD FACTOR	NUMBER OF BUSES REQUIRED ^c
WEEKDAY AM PEAK HOUR					
Up to 7000 New Units	150	63 pax	12 min	0.47	5
Up to 8000 New Units	181			0.57	
WEEKDAY PM PEAK HOUR					
Up to 7000 New Units	203	63 pax	12 min	0.65	5
Up to 8000 New Units	243			0.77	

Source: Fehr & Peers, 2010; AECOM, 2010; SFMTA, 2010.

Note: Ridership forecasts include ridership from existing land uses to remain after Project build-out.

^a The assumptions on how land uses are built out over time are presented in **Table 10.1**.^b Ridership forecasts are based on the Project EIR and include ridership from the proposed expansion of the Marina and the existing land uses to remain after the development of the Project.^c Also includes an additional maintenance float (20% of peak vehicle demand). The buses for this line are expected to be transferred from the Transbay Terminal route, once that route switches to larger, articulated buses.

8.3 EAST BAY BUS SERVICE

8.3.1 SERVICE PLAN

There is currently no direct bus connection between the East Bay and the Island. With the implementation of the Project, bus service to the East Bay would be provided by AC Transit between Treasure Island and Downtown Oakland, with stops in the Uptown area at Broadway / 20th Street (connection to the Uptown Transit Center and 19th Street / Oakland BART Station) and in the City Center area at Broadway / 14th Street (connection to 12th Street / Oakland City Center BART Station).

East Bay-bound buses would travel eastbound on the Bay Bridge and exit I-80 at the West Grand Avenue off-ramp in West Oakland. They would continue along Grand Avenue, making a right at San Pablo Avenue and left onto 20th Street to stop at the Uptown Transit Center. They would then proceed

south on Broadway, stopping at the terminus at Broadway / 14th Street. In the westbound direction, buses would also use Grand Avenue and enter the toll plaza at the West Grand on-ramp, which provides a clear route to the bus and carpool lane. The expected route for buses between the Island and Downtown Oakland is shown in **Figure 5.5**.

At Treasure Island, all buses will operate along the same 2-block loop as described for the SFMTA service, with alighting stops immediately east of the Palm Drive / Clipper Cove Avenue intersection (on the south side of Clipper Cove Avenue) and immediately north of the Avenue D / Clipper Cove Avenue intersection (on the east side of Avenue D), and a boarding stop directly outside the Ferry Terminal on the west side of Palm Drive.

During the weekday AM and PM peak hour, minimum cycle time for the East Bay bus service would be approximately 63 minutes, which includes passenger loading / unloading, round-trip running time, and layover and recovery time. During weekday off-peak and weekend periods, when roadways are less congested, the cycle time would drop to 58 minutes. **Table 8.6** summarizes the proposed East Bay bus service during the weekday AM and PM peak hours at full build-out.

TABLE 8.8: PROJECTED EAST BAY BUS SERVICE

DIRECTION	TOTAL RIDERSHIP ^b	CAPACITY PER BUS	HEADWAY	LOAD FACTOR	NUMBER OF BUSES REQUIRED ^b
WEEKDAY AM PEAK HOUR					
Inbound	110	54 pax	10 min	0.54	9
Outbound	175				
WEEKDAY PM PEAK HOUR					
Inbound	228	54 pax	10 min	0.70	9
Outbound	163				

Source: Fehr & Peers, 2010; AECOM, 2010; AC Transit, 2009.

^a Ridership forecasts are based on the Project EIR and include ridership from the proposed expansion of the Marina and the existing land uses to remain after the development of the Project.

^b Includes an additional 20% requirement (above the peak vehicle demand) for spares.

8.3.2 CAPITAL NEEDS

8.3.2.1 TREASURE ISLAND FACILITIES

On the Island, the East Bay bus service would use many of the same facilities as the San Francisco bus service above, including bus stops and layover facilities. Please refer to Section 8.2.2.1 for a more complete description of those facilities.

8.3.2.2 VEHICLES

It is expected that AC Transit would operate 45-foot commuter coaches on the proposed East Bay bus service, similar to those it currently uses on some of its current Transbay services. The buses would have approximately 54 seats, but could accommodate additional passengers (as standees) on individual runs if demand exceeds the seated capacity of the coach.

At full build-out, the East Bay bus service would have a peak transit vehicle demand of seven coaches. After applying AC Transit's policy of an additional 20% of the peak transit vehicle demand to serve as an active spare fleet to accommodate routine maintenance needs or supplementary service in case of breakdowns or service disruptions, an additional two coaches would be required, bringing the total fleet requirements for the East Bay bus service to nine coaches.

TICD would pay for the full cost of purchasing the fleet for the East Bay bus service.

8.3.3 OPERATIONS

8.3.3.1 RUNNING TIME AND SCHEDULING

As described in Section 8.3.1, AC Transit has estimated that the cycle time for the proposed East Bay bus service would be approximately 63 minutes during the weekday AM and PM peak periods and approximately 58 minutes during the weekday off-peak periods and on weekends. The round-trip running time would be slightly less, as the cycle time also considers layover and recovery time and passenger loading / unloading at terminals. In general, approximately five to ten minutes of layover and recovery is factored into the cycle time. It should be noted that these cycle times are based on current travel times. As roadway conditions (e.g., congestion) change in the future, a re-evaluation of these cycle times will likely be necessary before the line begins service to ensure the appropriate amount of slack is provided in the schedule.

8.3.3.2 LAYOVER OPERATIONS

Layover facilities for the East Bay bus service would be provided on both Treasure Island and in Downtown Oakland. On Treasure Island, buses on the East Bay service would share layover facilities with buses on the San Francisco service (see Section 8.2.3.2 for more details), while in Downtown Oakland, layover space could be shared with other existing routes or a new layover area could be designated by removing a small section of on-street parking.

8.3.3.3 FUELING AND MAINTENANCE

No fueling or maintenance facilities would be provided on the Island. Since the East Bay bus service would be operated by AC Transit, it is expected that fueling and maintenance of buses on the route would use existing AC Transit fueling and maintenance facilities. The closest existing AC Transit maintenance facility is Division 2 in Emeryville, near San Pablo Avenue / 47th Street.

TITMA would work with AC Transit to provide clean fuel vehicles when and where available and feasible. AC Transit is currently testing hydrogen fuel-cell technology and plans to construct two hydrogen fueling stations in Emeryville and East Oakland.

8.3.3.4 OPERATING COSTS

AC Transit estimates the operating costs of the Treasure Island service (using comparables from other typical services) at \$118.17 per vehicle-hour. The calculation of total operating cost includes time spent deadheading (approximately a half-hour one-way) to and from the bus depot.

8.3.4 PHASING

The changes in estimated East Bay bus ridership and corresponding service plan as the Project is built out are summarized in **Table 8.9**.

8.4 ON-ISLAND SHUTTLE SERVICE

The Project will supply a fleet of four low-emissions (electric, diesel-electric hybrid, or alternative-fuel) shuttles to provide mobility for residents, employees, and visitors on the Island and help discourage use of private automobiles. The shuttles will serve most land uses on Treasure Island and Yerba Buena Island, including open spaces, retail commercial zones, and residential neighborhoods.

TABLE 8.9: EAST BAY BUS SERVICE PHASING

LEVEL OF BUILD-OUT ^a	PEAK-HOUR RIDERSHIP IN PEAK DIRECTION ^b	CAPACITY PER BUS	HEADWAY	LOAD FACTOR	NUMBER OF BUSES REQUIRED ^c
WEEKDAY AM PEAK HOUR					
Up to 1000 New Units	74	54 pax	30 min	0.68	4
Up to 2000 New Units	75			0.69	
Up to 3000 New Units	86			0.80	
Up to 4000 New Units	102		20 min	0.63	5
Up to 5000 New Units	127			0.79	
Up to 6000 New Units	138			0.85	
Up to 7000 New Units	159		15 min	0.74	6
Up to 8000 New Units	175		10 min	0.54	9
WEEKDAY PM PEAK HOUR					
Up to 1000 New Units	97	54 pax	20 min	0.60	5
Up to 2000 New Units	99			0.61	
Up to 3000 New Units	104			0.64	
Up to 4000 New Units	124		15 min	0.77	6
Up to 5000 New Units	166			0.77	
Up to 6000 New Units	178			0.83	
Up to 7000 New Units	204		12 min	0.76	8
Up to 8000 New Units	228		10 min	0.70	9

Source: Fehr & Peers, 2010; AECOM, 2010.

^a The assumptions on how land uses are built out over time are presented in **Table 10.1**.^b Ridership forecasts are based on the Project EIR and include ridership from the proposed expansion of the Marina and the existing land uses to remain after the development of the Project.^c Includes an additional 20% requirement (above the peak vehicle demand) for spares.

The goal of the shuttle service is to make it possible for everyone who comes to Treasure Island to be able to get around without the use of a private automobile. Whether it is a family with school-aged children where the parents use the ferry and bus for work trips and their children use the shuttle for on-island uses such as school or recreation, or the visitor who arrives via bus or ferry, the on-island shuttle will be scaled and designed to address the specific internal transportation circulation needs of all island users—residents, visitors, and / or workers—including provisions for bicycles.

8.4.1 SERVICE PLAN

The shuttle services would be provided free of charge to all passengers and operate 24 hours per day. At full build-out, the shuttles would operate primarily on three routes: Routes A and B would primarily serve Treasure Island, while Route C would primarily serve Yerba Buena Island. On weekends, optional service could be provided on Route A to the Northern Shoreline Park and Wilds area at the northeast corner of Treasure Island and / or on Route C to the Great Whites area on Yerba Buena Island. The proposed routes for the on-island shuttle services are shown in **Figure 5.6**.

All three routes would operate at regular headways from early in the morning until late in the evening. The headways and travel times would depend on the time of day and ridership, but would be designed to maximize coordination with ferry and off-island bus departures and arrivals, which are expected to generate “surges” in passenger demand. Typically, each shuttle would make a round-trip in approximately seven minutes. Peak period headways would be approximately ten minutes, but during late-night periods, one shuttle would operate across all three routes at longer headways of 30 minutes. Shuttle use will also be coordinated with the Island’s bicycle and parking programs, and the vehicles used on the service would also be available for transporting passengers during special events at Treasure Island (see Section 9.3 for more details).

All three shuttle routes would stop adjacent to the Ferry Terminal on Treasure Island, facilitating transfers with the adjacent ferry service and off-island bus services to Downtown San Francisco and Oakland. In addition to the main Ferry Terminal stop, the shuttles would share two other stops with the off-island bus services, allowing for convenient connections to the on-island shuttles.

8.4.2 CAPITAL NEEDS

The shuttle has low capital requirements for on-island facilities. The proposed streets would all accommodate the proposed shuttle, meaning no special lane widths, grades, or other accommodations would be required. Maintenance and fueling would take place off-island and be provided by the shuttle service operator, so no new maintenance or fueling facilities would need to be constructed for the

shuttle service. Therefore, the only capital requirements triggered by the shuttle service are stops and the vehicles.

8.4.2.1 SHUTTLE STOPS

Shuttle stops would be located near intersections and not inhibit pedestrian movement along adjacent sections of sidewalk. Shuttle areas would be well lit and have adequate seating that is sheltered from wind and rain. Passenger information, including shuttle routes and schedules, would be available at each stop.

Transit Hub Circulation Route and Stops

All three shuttle routes are proposed to operate in a counterclockwise loop near the Transit Hub, following the same routes as for the off-island bus services to and from Downtown San Francisco and Oakland. Shuttles would stop at three locations along the loop, including a stop adjacent to the Ferry Terminal. Unlike the off-island bus services, there would be no segregation of stops for alighting and boarding since the shuttles would have lower capacity and would be expected to carry less passengers. In general, the shuttle stops would be placed adjacent or in close proximity to stops for the off-island bus services, facilitating intermodal transfers between off-island transit and the on-island shuttles. At the Clipper Cove stop, shuttles would share a stop with the off-island buses.

Treasure Island Shuttle Stops

The shuttle stops along the Treasure Island shuttle routes would be located nearside at intersections (i.e., on the approach side of the intersections), as shown in **Figure 5.3**. This strategy is recommended because many intersections on Treasure Island outside of the Island Center district would feature all-way stop controls. In such cases, the deceleration and acceleration associated with a shuttle stop and with a stop-controlled intersection can be effectively combined, minimizing acceleration and deceleration and maximizing the average speed of the shuttles. Where possible, shuttle stops would be provided in parking lanes, rather than in indented bus bays. Most streets on Treasure Island which would have bus service have parking lanes which could be used for the provision of bus stops.

Yerba Buena Island Shuttle Stops

Three shuttle stops would be provided on Yerba Buena Island as described below.

- East Stop: Along South Gate Road at the intersection with North Gate Road and Macalla Road. This stop would be located in the travel lane on the South Gate Road approach at the intersection to Northgate Road. This location has been identified by Caltrans as the best

location to locate a transit stop to provide Americans with Disabilities Act (ADA) compliant access to the new East Span bicycle / pedestrian path.

- Central Stop: At the intersection of Yerba Buena Road and Forest Road. This stop would serve the residential areas along these roads, as well as the planned hotel and hilltop park.
- West Stop: Along Macalla Road, between the roads that are now called Macalla Court and Nimitz Drive.⁵ This stop would serve the residential areas along these two streets.

8.4.2.2 FLEET SIZE AND CHARACTERISTICS

At build-out, a fleet of four shuttle vehicles would be maintained, allowing three vehicles to be in service—one on each of the routes. The fourth vehicle would be maintained as a spare and entered into service during times of exceptional demand. Based on the demand estimates presented below, each shuttle would need to be designed with a capacity of 28 passengers.

Low-emissions vehicles would be used to operate the three shuttle routes, which could be powered by natural gas or hydrogen fuel cells, or feature diesel-electric hybrid motors. The shuttles would also be low-floor for ease of boarding and alighting and be designed for ADA compliance, which would require that curbs at stops be constructed to shuttle specifications such as the height of the bus floor. Front-loading bike racks would also be provided, but additional capacity to store five to ten bikes (particularly if demanded for Route C, on Yerba Buena Island) could be accommodated by installing additional racks at the rear of and / or inside the bus.



Shuttle bus providers were contacted to identify vehicles suitable to meet the demands for Treasure Island and Yerba Buena Island shuttle services. Vehicles can be custom-built based on particular requirements with regard to seating arrangements and door size / location.

⁵ These roads would be removed as part of the Project, and replaced with new roads in a similar alignment.

Shuttle bus providers estimate the cost of a 29-foot, low-floor clean diesel bus is approximately \$395,000, or \$1,580,000 for a complete fleet of four shuttles.

8.4.3 OPERATIONS

8.4.3.1 RUNNING TIME

Table 8.10 summarizes the route lengths and the number of shuttle stops proposed along each shuttle route, as well as the round-trip travel time (based on an average travel speed of 15 mph and an average dwell time at shuttle stops of 20 seconds per stop) at full build-out. Because the travel distances and times are relatively short, shuttle drivers would not need to take layover time after every trip. Instead, layover would be taken after completion of several trips. Layover operations are discussed in more detail in Section 8.4.3.3.

TABLE 8.10: SUMMARY OF SHUTTLE ROUTES

ROUTE	ROUTE CHARACTERISTICS		ESTIMATED PEAK HOUR		
	ROUTE LENGTH (Mi)	SHUTTLE STOPS	TRAVEL TIME ^a	STOP TIME ^b	TOTAL TIME
Route A (Treasure Island)	1.65	8	6:35	2:40	9:15
Route B (Treasure Island)	1.60	11	6:25	3:40	10:05
Route C (Yerba Buena Island)	2.70	6	10:50	2:00	12:50

Source: AECOM, 2010.

^a Travel time calculated assuming an average travel speed of 15 mph.

^b Stop time calculated assuming an average dwell time of 20 seconds per stop.

8.4.3.2 SCHEDULES

At full build-out, all three shuttle routes would operate during daytime and evening hours (5:00 am to 10:00 pm). To the extent possible, shuttles would coordinate with the ferry service, while also operating as frequently as possible based on the estimated peak hour roundtrip travel times summarized in **Table 8.10**. Between 10:00 pm and 5:00 am, on-island shuttle service would operate at 20-30 minute headways to coordinate with the Transbay Terminal bus service. During this time period, service would be provided by one shuttle vehicle operating across all three routes, which would be feasible late at night when delays would be minimal.

The proposed scheduling and headways of the three on-island shuttle routes at full build-out is summarized below in **Table 8.11**. For reference, the proposed ferry service to and from Downtown San Francisco would operate at 15-minute headways during the peak periods, with less-frequent service during off-peak periods.

TABLE 8.11: SHUTTLE ROUTES – PROPOSED SCHEDULING

ROUTE	TIME PERIOD	HEADWAY
Route A (Treasure Island)	5:00 am to 10:00 pm	10 minutes
Route B (Treasure Island)	5:00 am to 10:00 pm	15 minutes
Route C (Yerba Buena Island)	5:00 am to 10:00 pm	15 minutes
Combined Route A / B / C	10:00 pm to 5:00 am	20-30 minutes

Source: AECOM, 2010.

8.4.3.3 LAYOVER OPERATIONS

Given the short travel distances and times, it is expected that drivers would operate each route continuously and complete several circuits between breaks. A relief driver would operate a route while another driver is on an extended break and would be assigned from route to route as needed. Thus, each route would not need its own relief driver, and cycle times for each of the shuttle routes would not be affected by drivers' layover and recovery periods.

When needed to facilitate driver breaks and / or to maintain schedule, a shuttle would lay over after discharging passengers at the main shuttle stop located adjacent to the Ferry Terminal. A shuttle entering a layover would pull in and stop to discharge passengers at the rear of the bay designated for shuttles. Upon re-entering service, the shuttle would pull up to the front of the bay to receive passengers.

8.4.3.4 FUELING AND MAINTENANCE

Maintenance and fueling / charging would be performed off-island at an existing location designed for such purposes, depending on the ultimate design and disposition of the shuttle service, and as determined by the shuttle service operator. Given the extent and nature of the proposed shuttle service, new dedicated maintenance and fueling facilities would likely not be warranted.

8.4.3.5 OPERATING COSTS

Operating costs for the shuttle service are assumed to be approximately \$72 per vehicle-hour. The assumed cost is based on other existing shuttle services operating in the San Francisco Bay Area such as the University of California, San Francisco shuttle service or the San Francisco State University shuttle service, which are both under \$60 per vehicle-hour, with a 20% contingency factor for underwriting purposes.

8.4.4 RIDERSHIP DEMAND AND PHASING

8.4.4.1 FORECAST RIDERSHIP DEMAND

Potential ridership on the shuttle would be comprised of people making off-island trips to and from the Ferry Terminal and Intermodal Transit Hub or internal ("on-island") trips, primarily to and from the retail uses on the Island. Most of these journeys would be made either on foot, on bike, or by shuttle.

Based on travel demand information contained in the EIR for the Project, it is expected that the combined peak directional demand for the Treasure Island shuttle services would be approximately 220 passengers per hour, during the weekday PM peak hour. For the Yerba Buena Island shuttle service, peak directional demand would be approximately 75 passengers per hour, also during the weekday PM peak hour.

8.4.4.2 PHASING

The service, headways, routes, number of shuttles, and hours of operation presented in Section 8.4.3 are intended for implementation at Project build-out. In the interim years during Project development and construction, shuttle service would be expanded in phases, mirroring the level of development until reaching the service and operating plan detailed above at full build-out.

The initial assumption is that existing Muni service would continue to circulate on-island until about 3,000 new homes are built. At that point, the Muni service would switch to a point-to-point service, and the shuttle service would begin. Initial shuttle service could be operated by two shuttles operating on one route, but as the Island is built out and the length of the shuttle routes grows, service would expand to operate on all three routes, with a fleet of four vehicles.

9 STAFFING, MONITORING, AND ENFORCEMENT

9.1 TRAVEL COORDINATOR

9.1.1 ROLE OF THE TRAVEL COORDINATOR

TTTMA will provide for staffing of a Travel Coordinator who will play a key role in providing residents, employers, employees, and visitors with all the information they need to make the best use of the opportunities available for travel by alternative modes other than the automobile. The Travel Coordinator will be in regular communication with the transit agencies and will work with them to monitor transit usage and make appropriate changes to services to match demand. The Travel Coordinator will be the lead in providing educational materials to keep residents, employers, and employees apprised of travel incentives or changes to travel options. The Travel Coordinator will also be responsible for managing visitors and groups holding functions / events on the Island and maintaining the physical programs that reduce dependency on single-occupancy vehicle-trips, including the following tasks:

- Managing and maintaining the Project travel website;
- Managing the carpooling / car-sharing database and “guaranteed ride home” program;
- Monitoring of bicycle parking provision and usage;
- Managing the bicycle library program;
- Reporting maintenance issues;
- Developing and distributing educational material on travel options; and
- Working with TTTMA staff to establish proper parking and congestion pricing rates.

Specific TDM programs that will be administered by the Travel Coordinator include the following:

- Car-sharing program;
- Carpool / vanpool ride-matching services;
- Guaranteed ride home program; and
- Visitor and employee TDM programs.

The Travel Coordinator will coordinate with on-island employers to ensure that employees are kept fully informed of the available programs and any promotional activities, and will be available to assist with new employee orientation. In addition, the Travel Coordinator will be available to coordinate these services on behalf of smaller employers. The Travel Coordinator would also be expected to work with on-island retailers to provide delivery options to on-island customers, providing another alternative to driving to stores to meet one's daily needs.

9.1.2 TRAVEL COORDINATOR / PROGRAM ADMINISTRATION COSTS

Administrative offices for the Travel Coordinator and TDM programs are expected to require a total capital investment of approximately \$1.1 million. About half of the capital costs are expected to kick in when island development reaches approximately 3,000 units, with the remainder kicking in when the development reaches approximately 6,000 units. In addition to these capital costs, there would be an associated annual operating cost of approximately \$1.1 million for the administrative offices and approximately \$275,000 for TDM program monitoring at full build-out of the Project. For intermediate development phases, annual operating costs are expected to vary relative to the size of the development.

Costs for other elements of the transportation program administered by the Travel Coordinator and TITMA would be as follows:

- Bicycle library
 - Capital cost: Approximately \$110,000
 - Annual operating cost at full build-out: Approximately \$110,000
- Maintenance facilities
 - Capital cost: Approximately \$950,000
 - Annual operating cost at full build-out: Approximately \$275,000

9.2 MONITORING AND ENFORCEMENT

The unique transportation measures and programs proposed for implementation by the Project ensure that the island's transportation systems can be self-sustaining and self-regulating. Through the congestion pricing program and parking cost structures, the island's automobile use can be controlled by changing the costs of these programs to induce shifts from automobiles to buses and ferries. In

addition, the Island on-ramps will be metered by Caltrans to control the volume of cars that can access the Bay Bridge during peak periods. Due to the unique nature of special events, coordination, monitoring and enforcement of special events is discussed separately in Section 9.3.

9.2.1 CONGESTION PRICING PROGRAM

The congestion pricing program is intended to be flexible and evolve as travel behavior changes. This section describes the initial operating assumptions, as well as how operations might be adjusted if conditions warranted.

The Board of Supervisors and SFCTA are required to establish the initial congestion pricing fee structure (expected to apply only to residents who access the bridge during peak periods). Changes to that initial fee structure will be determined by TITMA using then-current best-practice research and market studies. The fee could later be adjusted to manage congestion. An increase in this charge will encourage transit use and more carpooling activity during the peak periods as well as generate revenues to fund transit. An innovative, flexible, and comprehensive program like this does not currently exist in the Bay Area. Dedicated TITMA staff involved in the administration and monitoring of this program will constantly reevaluate travel patterns and costs to make this program effective in balancing the goals of restricting the use of private automobiles and generating revenues to fund transit.

9.2.1.1 INITIAL OPERATING ASSUMPTIONS

The Project proposes charges on residents for on- and off-Island trips, only during the weekday peak travel periods. Residential trips represent approximately 75 percent of all peak vehicle-trips, so the program will therefore have a significant impact on travel behavior at the time most people are traveling.

Initially, the charge will apply in the weekday peak commute periods only (6:00 am to 9:00 am and 4:00 pm to 7:00 pm, Monday through Friday), and only to residential trips. This is consistent with addressing the impact of trips in the peak periods. Travel patterns will be monitored to determine if an extension beyond these periods is necessary. The TITMA could choose to expand the peak hours or define the peak period as all periods in which traffic volumes on the bridge are greater than 85 percent of capacity.

The charge will be established at a level that meets the program objectives of reducing off-Island peak travel via private automobile and maximizing revenue generation to fund transit. The program will be

monitored and the charge will be changed (up or down) as required to meet these program objectives. Charges that vary dependent upon demand may be considered as the details of the program are developed. The charge will apply in both directions (to autos traveling off the Island *and* onto the Island. Charges will vary based on time periods and directionality of trip (to and from the East Bay *and* San Francisco). For underwriting purposes, a charge of \$5 each way has been assumed.

The charge will be applied to low occupancy vehicles. High occupancy vehicles, transit vehicles, and vanpool services will not be charged. The HOV limit for the Project will be set by the TITMA and can be adjusted as needed. No charges would be imposed on residents, employees, or visitors of the two federal installations, the Job Corps, or the Coast Guard, as established in the TITMA formation documents.

9.2.1.2 PROGRAM ADJUSTMENTS

The program will be monitored by TITMA against the program objectives on a regular basis and changes will be made as required. The following types of changes could be made, based on observed behavior:

- Charges could be increased or decreased;
- The charge assessment period could be expanded (e.g., charges could be assessed in the “shoulders” of the peak periods or be based on “real-time” congestion);
- Charges could be applied to trips by non-residents;
- The technology used for collection and enforcement could be altered to be more effective, as technologies change over time; and / or,
- The HOV limit could be adjusted.

9.2.1.3 PHASING

The congestion pricing fee structure would be applied in the first phase of development, once the program is adopted and the initial charges set by the Board of Supervisors and SFCTA, as described above.

9.2.1.4 REVENUE AND EXPENSE ASSUMPTIONS

As noted above, in addition to being a transportation demand management tool, one of the primary purposes of congestion pricing is to generate revenues that would be collected by TITMA for the sole purpose of supporting the on-island transportation programs. The revenues generated by the program will stay with the Project and be used to cover TITMA's costs of administration and enforcement and to support other transportation programs on the Island.

The congestion pricing program does not have any upfront capital costs. Any equipment or other upfront purchases will be amortized and collected out of congestion pricing revenues. Annual operating costs are assumed to be variable, equivalent to approximately 25% of the total revenue collected from the congestion fee. The operating costs and administration of the program will be managed by the TITMA.

9.2.2 PARKING

The pricing structures for non-residential parking (both on-street and off-street parking) serve as another mechanism that will help control the use of private automobiles and encourage alternative modes of travel by funding transit and other TDM programs. These parking pricing structures will serve as a parallel to congestion pricing and effect similar changes in travel behavior, but for trips by non-residents.

The concept of pricing the use of private automobiles to fund transit service is not uncommon, although it is typically not implemented at the level of individual developments as proposed for Treasure Island. For example, revenues generated by California's gasoline tax go towards a variety of transportation projects (both capital improvements and repair / maintenance), including funding for transit services. The parking program will attempt to strike a balance between restricting private automobile use on the Island (and encouraging alternative transit modes) and generating revenues to fund the proposed transit services.

The TITMA will have the responsibility and authority to:

- Set parking charges;
- Enforce the parking control measures;
- Amend parking charges as part of the overall intent of encouraging the use of modes other than the automobile;

- Provide real-time monitoring and adjustment of parking space occupancy and availability at the garages and other parking facilities; and
- Collect and retain funds from parking to be applied to other on-island transportation programs.

To this effect, the powers of the TITMA with respect to parking control will be similar to those of a parking district. Parking districts are routinely used by cities and transportation agencies to control specific areas or to grant special powers in a specific area. For example, the TITMA will be responsible for determining appropriate parking rates for on- and off-street facilities to maximize revenues while still discouraging travel by private automobile. The TITMA would collect revenues generated by the Project's parking program and would bear operations and maintenance costs incurred through the program.

Use of a variable pricing structure when charging parking fees has already been implemented in several cities, and can help influence mode choice among Island residents and visitors. In fact, San Francisco has already implemented variable pricing for on-street parking as part of a federally-funded pilot program (*SPark*), covering the Embarcadero, SOMA, Financial District, Fisherman's Wharf, Mission, Civic Center / Hayes Valley, Fillmore, and Marina neighborhoods. The price of on-street parking in high-demand areas is gradually increased until at least one open space is available on the block, while the prices in low-demand areas are decreased to encourage use of the spaces. In addition, city-owned parking garages will be priced to attract drivers away from on-street parking. The program is aimed at creating a better scheme for managing the limited supply of on-street parking and reducing the impacts of drivers circling for spaces—namely, pollution, noise, pedestrian and bicycle safety, emergency vehicle response times, and transit vehicle speeds. Although the goals of variable pricing for parking on the Island would be slightly different (namely, to discourage use of automobiles and maximize revenues to fund transit), *SPark* demonstrates that it is possible to influence driver behavior through the use of creative pricing schemes.

Through resident and employer surveys, along with research and monitoring, the proposed parking programs would be adapted accordingly to reach the desired travel outcome. At this stage of Project development, the precise format and process to control these programs has not yet been fully developed, but will be established by TITMA before the development would be expected to create any transportation impacts on the existing transportation infrastructure. TITMA's Travel Coordinator and their team would also be in direct communication with all operators of transportation service to the Island, such as the bus, ferry, and on-island shuttle operators.

9.2.2.1 REVENUE AND EXPENSE ASSUMPTIONS

The parking demand and supply by development phase varies according to the land uses under each phase.

For all revenue estimates, an hourly parking charge of \$1.50 is assumed, in effect 365 days a year from 7:00 am to 10:00 pm. However, during early phases of development, when some amount of free on-street parking will still be available for use in undeveloped areas, the estimates assume reduced parking revenues. As the Island is gradually developed and parking collection and enforcement become more efficient, the parking revenues increase to reach the full potential revenues.

For expense estimates, a system similar to SFpark is proposed, consisting of sensors and multispace meters. Based on data collected as part of the SFpark program, the estimated capital and operating costs of the parking program include the following costs:

- Capital costs:
 - Parking sensor: \$300 per space; and
 - Multispace parking meter: \$1,900 per space;
- Operating costs:
 - Parking sensor: \$10 per space per month;
 - Multispace parking meter: \$10 per space per month;

On-street parking would be subject to all of these capital and operating costs. Off-street (structured) parking capital costs would be approximately \$41.4 million, with an additional operating cost of approximately \$10 per space per month.

For both on- and off-street parking, an additional variable operating cost of 6.75% of the operating revenue, covering other expenses such as coin collection and enforcement, is also assumed.

9.2.3 RAMP METERING AND QUEUE JUMP FACILITIES

The ramp metering program will enable Caltrans to control the volume of traffic accessing the bridge from the Island during peak travel periods. The precise number of vehicles allowed to use each ramp will likely vary with traffic volumes on the mainline, as well as the direction and time of day. Ramp

metering controls the traffic volumes accessing the bridge during periods of congestion by manipulating the traffic signals that control ramp traffic. For example, should bridge congestion reach unacceptable levels, Caltrans could increase the length of the red phase of the signal, decreasing the total number of green phases shown to vehicles accessing the bridge at the on-ramps at Treasure Island and Yerba Buena Island. Ramp metering helps to not only ensure the integrity of traffic flow on the bridge mainline but also puts a cap on automobile use during peak periods and encourages the use of alternative modes.

Assuming construction of the new westbound ramps as proposed in the Yerba Buena Island Ramps Improvement Project being considered by Caltrans and SFCTA, the existing westbound on-ramp on the west side of Yerba Buena Island would be converted to transit and emergency vehicle use only. This would provide significant travel time savings for SFMTA and enable San Francisco-bound buses to avoid queuing and the ramp meters at the eastside on-ramps. Mitigation Measure M-TR-24 further requires that TITMA monitor queuing on-Island and, in conjunction with SFMTA, determine whether queues are unacceptably delaying Muni buses. If that were to occur, Treasure Island Road would be restriped to eliminate the Class 2 bike lane and a transit-only lane from the Transit Hub to the westside westbound on-ramp would be added.

The queue jump facility under M-TR-24 would also benefit AC Transit buses on a portion of Treasure Island Road. Beyond the diverge point for the westside westbound on-ramp, however, AC Transit buses would need to enter mixed-flow with automobile traffic for about one-third of a mile.

9.3 SPECIAL EVENTS

Ensuring travel management plans are in place for large special events is an important function of the Travel Coordinator. When filing an application with the City for a large public event on the Island, the event sponsor will be required to submit an accompanying TDM plan approved by the Island's Travel Coordinator. During the TDM plan development process, the Travel Coordinator could provide input on what types of services should be provided to help meet the event's travel needs while preserving the needs of Island residents and other uses on the Island. The ultimate scope of the TDM plan would vary depending on the scale of the event and its expected impact on access modes to the Island (including the Bay Bridge and the proposed bus and ferry services), but would sufficiently address all travel needs for the event, including visitor access, heavy vehicle access, and parking / loading operations. After a plan is filed, the Travel Coordinator would then approve (or reject) the plan. If approved, the event sponsors (with assistance from the Travel Coordinator) would be responsible for monitoring the

effectiveness of the plan for the duration of the event and implementing additional emergency measures as necessary to ensure the goals of the TDM plan are met.

For larger events, the TDM plan could include provisions for additional transit service outside of the regular service plan to provide adequate access to / from the Island for event visitors. In particular, the proposed ferry, bus, and shuttle services could be augmented with more frequent service (e.g., increasing shuttle frequencies), specially-timed service (e.g., increasing ferry service after let-out of a sports event), or rerouted service (e.g., extending bus services beyond the Transit Hub and directly to the event venue on the Island). Event sponsors would be required to fund the costs of these or any additional measures (e.g., roadway closures / changes, parking removal, etc.) required to serve the event's travel needs.

10 SUMMARY OF COSTS, REVENUES, AND PHASING

An underlying principle of the Treasure Island / Yerba Buena Island Redevelopment Project is that the overall Project be financially feasible. This principle is carried through to the Transportation Implementation Plan. An explicit goal of the comprehensive TDM programs and transit service and operations outlined in this document is the establishment of a structure of flexible programs that support a transportation system that is financially feasible in terms of upfront capital costs and long-term operations.

The framework for financial feasibility is that the capital costs needed for the Project's transportation program will be provided as part of the up-front costs of development, with a minimal amount of outside leverage. On an operating basis, the Project includes several sources of revenues, to be collected by the TITMA, which, in conjunction with farebox revenues, will cover the costs of operating the transit services and the TDM programs for which the TITMA is responsible. As transportation demands and service needs become established and begin to evolve, the Plan's demand management mechanisms (pricing, ramp metering, etc) and transit service plans can be modified to promote long-term financial stability and best serve the Island's changing transportation needs. In the short term, prior to completion of the Project, the projected shortfalls in operating costs would be covered by a series of payments from TICD, according to a fixed schedule as described in the DDA.

This chapter summarizes the sources and uses for the transportation capital and operating program for the Project both in total and over time as the Project builds out in phases. The assumptions on how land uses in the Project would be built out over time are presented in **Table 10.1**.

TABLE 10.1: LAND USE PHASING ASSUMPTIONS

LAND USE	LAND USE AMOUNT AT RESIDENTIAL UNIT COUNT								
	UP TO 1000 NEW UNITS	UP TO 2000 NEW UNITS	UP TO 3000 NEW UNITS	UP TO 4000 NEW UNITS	UP TO 5000 NEW UNITS	UP TO 6000 NEW UNITS	UP TO 7000 NEW UNITS	UP TO 8000 NEW UNITS	UP TO 100,000
New Residential (DU)	1,000	2,000	3,000	4,000	5,000	6,000	7,000	8,000	100,000
Office (SF)									
Retail (SF)									
Neighborhood-Serving	30,000	33,125	36,250	39,375	65,625	68,750	71,875	75,000	
Other	25,125	25,125	25,125	25,125	95,000	95,000	95,000	95,000	
Restaurant (SF)					37,000	37,000	37,000	37,000	
Community-Oriented Services / Offices (SF)					30,000	30,000	30,000	30,000	
Food Production / Manufacturing (SF)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	
Recreation / Entertainment (SF)								150,000	150,000
School (SF)	26,250	26,250	52,500	52,500	78,750	78,750	105,000	105,000	
Police / Fire (SF)			30,000	30,000	30,000	30,000	30,000	30,000	
Community Center (SF)					48,500	48,500	48,500	48,500	
Hotel (rooms)	50	50	50	50	120	120	420	500	
Sailing Center (SF)		15,000	15,000	15,000	15,000	15,000	15,000	15,000	
Museum / Cultural (SF)								75,000	
General Open Space (acres)	33	65	98	130	163	195	228	260	
Athletic Fields (acres)	5	10	15	20	25	30	35	40	

Source: TICD & TIDA, 2009.

10.1 CAPITAL COSTS

As noted above, the Project will fund all capital costs associated with the improvements described herein, or in the Infrastructure Plan as they relate to transportation infrastructure.

There are three primary types of transportation capital expenditures:

- *Transit Fleet.* These costs include the costs of purchasing rolling stock for Muni, AC Transit, and the shuttle operations. As noted in **Chapter 8**, the number of buses and shuttles being purchased for all routes includes spare vehicles. For the San Francisco bus services, the calculation of total capital costs also assumes a credit for existing buses already in service currently on Muni's 108 line serving Treasure Island. Ferry operations will be conducted with leased vessels, and therefore ferry boat purchases are not included in the transit fleet costs.
- *TICD* will be responsible for the majority of the capital costs in this category, through the funding sources as described in the Financing Plan attached to the DDA. For San Francisco Muni buses, TICD will be responsible for covering 20% of the total cost of purchasing the new vehicles. TICD's share of 20% is the typical local match portion required under federal programs that fund bus procurement. TICD, TIDA, and TITMA would work with SFMTA to seek funds under those federal programs. However, because federal funding is not yet committed to the Project, the remainder of the funding is conservatively assumed to be covered from Muni's share of the general fund revenues that are generated by the Project (e.g. sales tax revenues, property tax revenues, hotel taxes, etc.), as described in the Fiscal Impact Analysis prepared in conjunction with approval of the DDA. The total cost of the transit fleet is \$16.4 million.
- *Transportation Infrastructure and Facilities.* These costs include the costs of building out the Project's transportation infrastructure, including streets, sidewalks, bike paths, and the ferry quay. These costs also include construction of buildings needed for the transportation program, specifically the ferry terminal and the public parking garages to be operated by the TITMA. Finally, this category includes a contribution from the redevelopment project for the separate ramps and viaduct improvement projects being analyzed by the SFTA. These costs, totaling \$121.4 million, comprise the majority of the transportation capital expenses.
- *TDM & Monitoring.* These costs include set-up costs associated with operating the transportation program, and total \$2.2 million.

Table 10.2 summarizes the total projected transportation capital costs for the Project's transportation program, while **Table 10.3** summarizes the cumulative capital costs by development phase.

TABLE 10.2: PROJECTED TRANSPORTATION CAPITAL COSTS (IN \$2010)

LINE ITEM	COST
Transit Fleet	
San Francisco Bus (6 buses) ^a	\$9,058,000
East Bay Bus (9 buses)	\$5,785,000
Shuttle (4 shuttles)	\$1,580,000
Subtotal	\$16,422,000
Transportation Infrastructure and Facilities ^b	
Ferry Quay / Terminal	\$30,047,000
Ramps / Viaducts (Project Contribution)	\$10,000,000
Street Improvements (VBI) ^c	\$7,441,000
Street Improvements (TI) ^c	\$26,694,000
Waterfront Plaza / Ferry Landscaping	\$3,461,000
Off-Street Public Parking (Structured)	\$41,439,000
On-Street Public Parking ^d	\$2,277,000
Subtotal	\$121,360,000
TDM & Monitoring	
Bicycle Library	\$111,000
TTMA Administrative Offices ^e	\$1,104,000
Maintenance Facilities	\$939,000
Subtotal	\$2,154,000
TOTAL	\$139,936,000

Source: AECOM, 2010.

^a Capital costs for the San Francisco bus service will be borne 20% by TID and 80% by Project-generated tax revenues. The figures here show net new buses required, and are assumed to be articulated buses. The five existing buses would be used first on the Transbay Terminal Route and then transferred to the Civic Center Route.

^b Includes hard costs, plus associated design costs, construction costs, and contingency.

^c Does not include grading, retaining walls, etc.

^d Includes cost of parking meters and sensors for metered on-street parking.

^e Administrative office includes the capital costs associated with administrative facilities for the Travel Coordinator, car-share program, shuttle, carpool / vanpool organization, and other TDM measures.

TABLE 10.3: CAPITAL COSTS BY PHASE (IN MILLIONS, \$2010)

ROUTE	RESIDENTIAL UNIT COUNT										TOTAL
	Up To 1000 New Units	Up To 2000 New Units	Up To 3000 New Units	Up To 4000 New Units	Up To 5000 New Units	Up To 6000 New Units	Up To 7000 New Units	Up To 8000 New Units	Up To 9000 New Units		
	Units	Units	Units	Units	Units	Units	Units	Units	Units		
Transit Fleet											
San Francisco Bus *	--	--	--	--	\$7,548	--	--	\$1,510	--	\$9,058	
East Bay Bus	\$3,214	--	--	--	\$0,643	--	--	\$0,643	--	\$5,785	
Shuttle	--	--	\$0,790	\$0,395	\$0,395	--	--	--	--	\$1,580	
Subtotal	\$3,214	--	\$0,790	\$0,395	\$8,586	--	\$1,285	\$2,152	--	\$16,422	
Transportation Infrastructure and Facilities											
Ferry Quay / Terminal	\$21,210	--	--	--	\$4,419	\$4,419	--	--	--	\$30,047	
Ramps / Viaducts	\$8,000	\$2,000	--	--	--	--	--	--	--	\$10,000	
Street Imps. (YBI)	\$7,441	--	--	--	--	--	--	--	--	\$7,441	
Street Imps. (TI)	\$20,620	\$2,749	\$2,626	\$0,699	--	--	--	--	--	\$26,694	
Plaza / Ferry Landscap.	\$3,461	--	--	--	--	--	--	--	--	\$3,461	
Off-Street Public Parking	\$1,645	\$19,142	\$19,665	--	\$0,988	--	--	--	--	\$41,439	
On-Street Public Parking	\$0,570	\$0,204	\$0,223	\$0,204	\$0,423	\$0,089	\$0,310	\$0,254	--	\$2,277	
Subtotal	\$66,947	\$24,094	\$22,515	\$0,903	\$5,829	\$4,508	\$0,310	\$0,254	--	\$121,360	
TDM & Monitoring											
Bicycle Library	\$0,063	\$0,006	\$0,007	\$0,007	\$0,007	\$0,007	\$0,007	\$0,007	\$0,007	\$0,111	
TTMA Admin. Offices	--	--	\$0,552	--	--	\$0,552	--	--	--	\$1,104	
Maintenance Facilities	--	--	\$0,470	--	--	\$0,470	--	--	--	\$0,939	
Subtotal	\$0,063	\$0,006	\$1,029	\$0,007	\$0,007	\$1,029	\$0,007	\$0,007	\$0,007	\$2,154	
TOTAL	\$66,223	\$24,100	\$24,333	\$1,304	\$14,422	\$5,536	\$1,603	\$2,414	\$0,939	\$139,936	

Source: AECOM, 2010.

^a Net-new costs, with credit taken for the five standard coaches currently operating on Route 108.

10.2 OPERATING COSTS & REVENUES

10.2.1 TITMA SUPPORTED OPERATIONS

Generally, with the exception of the San Francisco bus service to be operated by SFMTA, all transportation on Treasure Island will be administered or coordinated by the TITMA. The SFMTA bus service is supported by other Project-generated revenues, and is discussed in separately in Section 10.2.2.

On a long-term basis, there are three sources of revenue available to the TITMA and its partners to fund these services and programs:

- *Farebox recovery (including pre-paid transit vouchers).* TITMA would be responsible for coordinating some service that would be operated by others, specifically the East Bay bus service to be operated by AC Transit and the San Francisco ferry service to be operated by WETA. These services would all be offered for a fare, so there would be monies collected at the farebox directly from riders that would be available to fund these services. These funds would flow directly to the service providers, and are therefore not available to TITMA for other services, but the TITMA's contractual arrangement with these service providers would account for the fact that the service providers would receive these funds and would back that out of the other funds that TITMA would provide to subsidize those services. By way of example, assuming AC Transit's average fare recovery is \$0.40 per passenger and TITMA owes \$1 for AC Transit to provide the service, TITMA would pay the remaining \$0.60 (assuming there is just one rider). Overall, farebox revenue accounts for approximately 35% of the total TITMA budget.
- *Commercial / on-street parking.* As discussed in **Chapter 9**, TICD will build on-street metered parking and off-street commercial parking facilities that will be managed by the TITMA. TITMA will have responsibility for pricing, collection, and enforcement, and will receive all revenues from those actions for use on-Island. Effectively, TITMA will receive all the revenues from these parking sources, without incurring any of the capital costs to pay for them. Overall, commercial and on-street parking accounts for approximately 40% of the total TITMA budget.
- *Congestion pricing.* As discussed in **Chapter 9**, TITMA would administer a congestion pricing program. The congestion pricing program is initially assumed to apply only to residential trips that are entering or exiting the Bay Bridge during peak hours. An initial charge of \$5 each way is assumed in the analysis. Overall, congestion pricing accounts for approximately 25% of the total TITMA budget.

The farebox recovery assumptions include reimbursements to the transit providers for any trips made using the pre-paid transit vouchers. Overall, farebox recovery, including the funds from the pre-paid transit vouchers, accounts for approximately 35% of the total TITMA operating revenues.

Table 10.4 summarizes the annual operating costs and revenues at full build-out for TITMA-supported elements of the Island's transportation program.

TABLE 10.4: SUMMARY OF TITMA-SUPPORTED OPERATING COSTS AND REVENUES (AT BUILD-OUT) (IN \$2010)

ITEM	ANNUAL OPERATING COSTS	ANNUAL REVENUE	ANNUAL SURPLUS (SHORTFALL)
Transit Fleet			
Ferry (3 ferries)	\$11,250,000	\$8,570,000	(\$2,680,000)
East Bay Bus (9 buses)	\$3,241,000	\$1,294,000	(\$1,947,000)
Shuttle (4 shuttles)	\$2,646,000	--	(\$2,646,000)
Subtotal	\$17,137,000	\$9,864,000	(\$7,273,000)
Transportation Infrastructure and Facilities			
Public Parking	\$1,247,000	\$11,742,000	\$10,495,000
Subtotal	\$1,247,000	\$11,742,000	\$10,495,000
TDM & Monitoring			
Bicycle Library	\$111,000	\$101,000	(\$10,000)
Administrative Offices	\$1,104,000	--	(\$1,104,000)
Maintenance Facilities	\$276,000	--	(\$276,000)
TDM & Monitoring	\$276,000	--	(\$276,000)
Congestion Pricing Program	\$1,551,000	\$6,205,000	\$4,654,000
Subtotal	\$3,318,000	\$6,306,000	\$2,988,000
TOTAL	\$21,703,000	\$27,912,000	\$6,209,000

Source: AECOM, 2010.

On an interim basis, there are insufficient revenues from the above sources to pay for the required services. The reason for this is two-fold: First, in early phases, there is not a sufficient amount of development and associated residents, visitors, and workers to generate as much congestion pricing and commercial parking revenue as would be available in the later phases. Second, while the proposed transit service levels increase over time, service levels in the early phases are disproportionately frequent relative to the size of the population. Put another way, in order to establish the transportation services and “brand” Treasure Island as a transit-first community, more transit service is being provided than the population would warrant. Together, these two facts mean that the transportation operations will run deficits in interim phases. The *Development and Disposition Agreement* would obligate TICD to provide a transit operating subsidy on a fixed schedule of payments, in order to make up for this projected shortfall.

Table 10.5 and **Table 10.6** summarize annual operating costs and revenues by development phase.

Table 10.7 summarizes the net annual operating surplus (or deficit) by phase.

TABLE 10.5: ANNUAL OPERATING COSTS BY PHASE (IN MILLIONS, \$2010)

ROUTE	RESIDENTIAL UNIT COUNT							
	UP TO 1000 NEW UNITS	UP TO 2000 NEW UNITS	UP TO 3000 NEW UNITS	UP TO 4000 NEW UNITS	UP TO 5000 NEW UNITS	UP TO 6000 NEW UNITS	UP TO 7000 NEW UNITS	UP TO 8000 NEW UNITS
Transit Fleet								
Ferry	\$4,000	\$6,750	\$6,750	\$6,750	\$11,250	\$11,250	\$11,250	\$11,250
East Bay Bus	\$2,218	\$2,218	\$2,218	\$2,350	\$2,515	\$2,515	\$2,812	\$3,241
Shuttle	--	--	\$1,025	\$1,419	\$1,524	\$1,524	\$1,524	\$1,524
Subtotal	\$6,218	\$8,968	\$9,993	\$10,519	\$15,289	\$15,289	\$15,586	\$16,015
Transportation Infrastructure and Facilities								
Public Parking	\$0,205	\$0,304	\$0,407	\$0,507	\$0,826	\$0,893	\$1,089	\$1,247
Subtotal	\$0,205	\$0,304	\$0,407	\$0,507	\$0,826	\$0,893	\$1,089	\$1,247
TDM & Monitoring								
Bicycle Library	\$0,014	\$0,028	\$0,042	\$0,056	\$0,069	\$0,083	\$0,097	\$0,111
TITMA Admin. Offices	\$0,138	\$0,276	\$0,414	\$0,552	\$0,690	\$0,828	\$0,966	\$1,104
Maintenance Facilities	\$0,035	\$0,069	\$0,104	\$0,138	\$0,173	\$0,207	\$0,242	\$0,276
TDM & Monitoring	\$0,035	\$0,069	\$0,104	\$0,138	\$0,173	\$0,207	\$0,242	\$0,276
Cong. Pricing Prog.	\$0,194	\$0,388	\$0,582	\$0,776	\$0,969	\$1,164	\$1,357	\$1,551
Subtotal	\$0,415	\$0,830	\$1,244	\$1,659	\$2,074	\$2,489	\$2,903	\$3,318
TOTAL	\$6,838	\$10,102	\$11,645	\$12,685	\$18,189	\$18,671	\$19,579	\$20,581

Source: AECOM, 2010.

TABLE 10.6: ANNUAL OPERATING REVENUES BY PHASE (IN MILLIONS, \$2010)

ROUTE	RESIDENTIAL UNIT COUNT							
	Up to 1000 NEW UNITS	Up to 2000 NEW UNITS	Up to 3000 NEW UNITS	Up to 4000 NEW UNITS	Up to 5000 NEW UNITS	Up to 6000 NEW UNITS	Up to 7000 NEW UNITS	Up to 8000 NEW UNITS
Transit Fleet								
Ferry	\$1.694	\$2.360	\$3.090	\$3.755	\$5.516	\$5.857	\$7.171	\$8.570
East Bay Bus Shuttle	\$0.534	\$0.607	\$0.687	\$0.760	\$0.993	\$1.026	\$1.159	\$1.294
Subtotal	\$2.228	\$2.967	\$3.777	\$4.515	\$6.509	\$6.883	\$8.330	\$9.864
Transportation Facilities								
Public Parking	\$0.675	\$1.386	\$2.315	\$3.461	\$7.434	\$8.170	\$10.153	\$11.742
Subtotal	\$0.675	\$1.386	\$2.315	\$3.461	\$7.434	\$8.170	\$10.153	\$11.742
TDM & Monitoring								
Bicycle Library	\$0.013	\$0.025	\$0.038	\$0.051	\$0.063	\$0.076	\$0.088	\$0.101
TITMA Admin. Offices	---	---	---	---	---	---	---	---
Maintenance Facilities	---	---	---	---	---	---	---	---
TDM & Monitoring	---	---	---	---	---	---	---	---
Cong. Pricing Prog.	\$0.776	\$1.551	\$2.327	\$3.103	\$3.877	\$4.654	\$5.429	\$6.205
Subtotal	\$0.789	\$1.576	\$2.365	\$3.154	\$3.940	\$4.730	\$5.517	\$6.306
TOTAL	\$3.691	\$5.930	\$8.457	\$11.130	\$17.883	\$19.783	\$24.001	\$27.912

Source: AECOM, 2010.

TABLE 10.7: NET ANNUAL OPERATING SURPLUS (DEFICIT) BY PHASE (IN MILLIONS, \$2010)

ITEM	RESIDENTIAL UNIT COUNT							
	UP TO 1000 NEW UNITS	UP TO 2000 NEW UNITS	UP TO 3000 NEW UNITS	UP TO 4000 NEW UNITS	UP TO 5000 NEW UNITS	UP TO 6000 NEW UNITS	UP TO 7000 NEW UNITS	UP TO 8000 NEW UNITS
Operating Costs	(\$6.838)	(\$10.102)	(\$11.645)	(\$12.685)	(\$18.189)	(\$18.671)	(\$19.579)	(\$20.581)
Operating Revenues	\$3.691	\$5.930	\$8.457	\$11.130	\$17.883	\$19.783	\$24.001	\$27.912
TOTAL	(\$3.146)	(\$4.172)	(\$3.188)	(\$1.555)	(\$0.306)	\$1.112	\$4.422	\$7.331

Source: AECOM, 2010.

10.2.2 Muni Operations

Financial analysis of Muni operations (operating costs and revenues) is documented separately in the Project's Fiscal Impact Analysis.

APPENDIX A: SHUTTLE RIDERSHIP AND DEMAND

The Project EIR does not include specific estimates of shuttle ridership demand; therefore, this Appendix provides a separate estimate of shuttle ridership in order to describe how that ridership would be served at full build-out.

The residential land uses on Treasure Island would contribute to the majority of the ridership demand for the shuttle bus services. In general, the residential uses would generate the following types of trips:

- Off-Island trips to and from the Ferry Terminal and Transit Hub; and
- Internal (i.e., "on-Island") trips (primarily to and from the retail land uses).

Most residents would make these trips either by walking, bicycling or riding the shuttle service.

Off-Island and on-Island trips are forecasted to reach a maximum during the weekday PM peak hour. At full build-out, the number of peak directional person-trips generated by uses on Treasure Island during the weekday PM peak hour is estimated as the following:

- From Ferry Terminal / Transit Hub: 1,757 person trips
- From internal on-Island trips: 2,500 person trips
- **Total inbound person-trips: 4,257 person trips**

All of the residential units on Treasure Island would be located within a ¼-mile walk (15-20 minutes) of Ferry Terminal and Transit Hub. Given the proposed location of residential uses on the Island, the breakdown of residential units by distance from the main Ferry Terminal and Intermodal Transit Hub would be approximately as follows:

- Within ¼ mile: 30 percent of residential units
- ¼ mile to ½ mile: 53 percent of residential units
- ½ mile to ¾ mile: 17 percent of residential units

Data from the 2008 *BART Station Profile Survey* were evaluated to help estimate the proportion of residents who would be likely to walk or bicycle to and from the transit terminals (rather than ride the shuttle service) for each distance range presented above. In this comparison, it is assumed that the concept of walking or bicycling between a residential unit on Treasure Island and the Ferry Terminal / Transit Hub would be analogous to walking between a residential unit and a BART station.

The new development and street grid planned for the Island are expected to create a walkable and bikeable streetscape comparable to the Mission District. According to the *2008 BART Station Profile Survey*, the walk / bicycle mode share at the 16th Street / Mission BART station was approximately 96 percent for residents within ½ mile of the station and 88 percent for residents living between ½ and ¾ mile of the station.

Trips to / from the station via modes other than walking or biking (e.g., car or transit) are assumed to represent the demand for the Island's shuttle service. Since parking would not be provided at the Ferry Terminal / Transit Hub (parking is also not provided at 16th Street / Mission Station), transit users on the Island are not expected to take cars to / from the Ferry Terminal / Transit Hub.

The forecast demand for shuttle ridership by residents traveling to and from the Ferry Terminal / Transit Hub is summarized below:

- 4 percent of trips by residents living within ½ mile of the Ferry Terminal / Transit Hub; and
- 12 percent of trips by residents living between ½ mile and ¾ mile of the Ferry Terminal / Transit Hub.

This analysis has assumed the same shuttle mode share demand for internal on-island residential trips. While it would be expected that a lower proportion of residents would walk / bicycle for a retail trip, it is also expected that a higher proportion of these trips would be either automobile trips or linked trips. Thus, the same proportion of shuttle ridership is assumed for internal trips.

In summary, by applying the assumed shuttle mode share demand, the proportion of residential units within each distance range, and the total residential person trips, it is estimated that the total peak directional demand for the two Treasure Island shuttle routes would be 220 passengers per hour during the weekday PM peak hour at full build-out.

A similar analysis was undertaken for Yerba Buena Island, where about 200 residential units, a hotel (capacity for approximately 50 guests), and park would be constructed. It is estimated that the total peak directional demand for the Yerba Buena Island shuttle route would be approximately 75 passengers per hour during the weekday PM peak hour at full build-out. This estimate assumes a much lower walk / bicycle mode split, given that the majority of Yerba Buena Island's residential units would be located further than ¾ miles from the main transit terminals. Relatively imposing topography would also work against transit demand at this location.

AGENDA ITEM 9
Treasure Island Development Authority
City and County of San Francisco
Meeting of March 9, 2011

Subject: Approval and Conditional Adoption of the Report to the Board of Supervisors, Submission of the Report and Proposed Redevelopment Plan to the Board of Supervisors and Consenting to a Joint Public Hearing with Planning Commission

Contact: Rich Hillis, Director of Redevelopment, Office of Economic and Workforce Development
Michael Tymoff, Deputy Director of Redevelopment, Office of Economic and Workforce Development
Jon Yolles, Project Manager, Office of Economic and Workforce Development

Summary of Proposed Action

The resolution before the Treasure Island Development Authority ("TIDA") Board of Directors approves and conditionally adopts the Report to the Board of Supervisors, authorizes submission of the Report and the proposed Redevelopment Plan to the Board of Supervisors and consents to a joint public hearing with Planning Commission on April 7, 2011.

Background

The Redevelopment Plan is the legal document that sets forth the authority of TIDA to implement the program of redevelopment projects and activities (Redevelopment Program) designed to achieve successful redevelopment of the Project Area. The Redevelopment Plan describes the goals and objectives of redevelopment and the financing methods to be used to fund the Redevelopment Program. If adopted, the Redevelopment Plan will provide critical tools to eliminate blighting conditions in the Project Area and promote its successful reuse.

Pursuant to Section 33352 of California Community Redevelopment Law ("CCRL"), TIDA has prepared a Report to the Board of Supervisors ("Report to Board") on the proposed Redevelopment Plan for the Treasure Island / Yerba Buena Island Redevelopment Project. The Report to Board is an integral step in the process leading to consideration of adoption of the Redevelopment Plan.

The Report to Board is a public document designed to provide the comprehensive information, analyses and evidence the Board of Supervisors must consider when determining whether to adopt the Redevelopment Plan. The Report to Board is of value to all participants in the plan adoption process as a statement of program needs, goals, activities, and costs. Prepared pursuant to the requirements of CCRL, this Report to Board includes:

- (1) the reasons for selection of the Project Area;
- (2) a description of the physical and economic conditions existing in the Project Area;
- (3) a description of the specific projects proposed by TIDA in the Project Area and an explanation of how the proposed projects will improve or alleviate the blighting conditions existing in the Project Area;
- (4) the proposed method of financing redevelopment of the Project Area, including an assessment of economic feasibility of the proposed development of the Project Area and an explanation of why the elimination of blight and redevelopment of the Project Area cannot be accomplished by private enterprise acting alone or by the Board of Supervisor's use of financing alternatives other than tax increment financing;
- (5) a plan for the relocation of families and persons who may be temporarily or permanently displaced from housing facilities as a result of the Redevelopment Plan, though no existing occupants of the Project Area are expected to be displaced by implementation of the Redevelopment Plan;
- (6) the recommendations of the Planning Commission of the City and County of San Francisco;
- (7) an analysis of the Preliminary Plan for the Project Area;
- (8) a summary of public meetings held on the Redevelopment Plan;
- (9) the status of the environmental review of the Redevelopment Plan;
- (10) a neighborhood impact report;
- (11) the County Fiscal Officer's Report;
- (12) a summary of consultations with affected taxing agencies and responses to written objections and concerns expressed by affected taxing agencies during the consultations; and

- (13) a Five Year Implementation Plan for the Project Area (pursuant to the provisions of Section 33490 of CCRL).

The resolution before the TIDA Board of Directors today approves and adopts the Report to Board on the proposed Redevelopment Plan, including the Five-Year Implementation Plan, and hereby submits said Report to Board, together with the proposed Redevelopment Plan for the Project, to the Board of Supervisors. TIDA's approval of the Report to Board and the Five-Year Implementation Plan is conditioned upon the adoption of the Redevelopment Plan by the Board of Supervisors. Staff recommends approval of the resolution.

Attachments:

- A. Draft Redevelopment Plan for the Treasure Island / Yerba Buena Island Redevelopment Project
- B. Report to the Board of Supervisors Regarding the Redevelopment Plan for the Treasure Island / Yerba Buena Redevelopment Project



FILE NO. _____

RESOLUTION NO. _____

FILE NO. _____

RESOLUTION NO. _____

[Report to the Board of Supervisors, Submission of the Report and Proposed Redevelopment Plan to the Board of Supervisors and Consenting to a Joint Public Hearing with Planning Commission]

APPROVING AND CONDITIONALLY ADOPTING THE REPORT TO THE BOARD OF SUPERVISORS ON THE PROPOSED REDEVELOPMENT PLAN FOR THE TREASURE ISLAND / YERBA BUENA ISLAND REDEVELOPMENT PROJECT, SUBMITTING SAID REPORT AND PROPOSED REDEVELOPMENT PLAN TO THE BOARD OF SUPERVISORS AND CONSENTING TO A JOINT PUBLIC HEARING WITH THE PLANNING COMMISSION ON THE PROPOSED REDEVELOPMENT PLAN.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority

1 as a redevelopment agency under California Redevelopment Law (Sections 33000 et seq. of
2 the Health and Safety Code) ("CRL") with authority over the Base upon approval of the City's
3 Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to
4 Tidelands Trust, vested in the Authority the authority to administer the public trust for
5 commerce, navigation and fisheries as to such property; and,

6 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
7 redevelopment agency for Treasure Island in 1998; and,

8 WHEREAS, The Authority has prepared a proposed Redevelopment Plan
9 ("Redevelopment Plan") for the Treasure Island/Yerba Buena Island Redevelopment Project
10 ("Redevelopment Project"); and,

11 WHEREAS, The Authority has submitted the proposed Redevelopment Plan to the
12 Planning Commission of the City and County of San Francisco ("Planning Commission") for its
13 recommendations; and,

14 WHEREAS, Pursuant to Section 33352 of the CRL, the Authority has prepared a
15 Report to the Board of Supervisors ("Report to Board") on the proposed Redevelopment Plan
16 which includes, among other documentation, a Five-Year Implementation Plan
17 ("Implementation Plan") prepared pursuant to the provisions of Section 33490 of the CRL;
18 and,

19 WHEREAS, Section 33348 of the CRL requires a redevelopment agency to hold a
20 public hearing on a redevelopment plan before approval of the same; and,

21 WHEREAS, Section 33360 of the CRL requires that the redevelopment agency submit
22 a proposed redevelopment plan to the legislative body for its consideration; now, therefore, be
23 it

24 RESOLVED, That the Authority, in its role as the redevelopment agency for the
25 Treasure Island / Yerba Buena Redevelopment Project, hereby approves and adopts the

1 Report to Board on the proposed Redevelopment Plan, including the Five-Year
2 Implementation Plan, and hereby submits said Report to Board, together with the proposed
3 Redevelopment Plan for the Project, to the Board of Supervisors; and, be it

4 FURTHER RESOLVED, That the Authority's approval of the Report to Board and the
5 Five-Year Implementation Plan is conditioned upon the adoption of the Redevelopment Plan
6 by the Board of Supervisors, and in the event the Board of Supervisors fails to adopt the
7 Redevelopment Plan, this approval shall be deemed moot and the Authority's approval of the
8 Report to Board and the included Implementation Plan shall be of no force or effect; and, be it

9 FURTHER RESOLVED, That the Authority hereby consents to an April 7, 2011 joint
10 public hearing with the Planning Commission to consider the Redevelopment Plan for the
11 Project and certification of the related final Environmental Impact Report under the California
12 Environmental Quality Act; and, be it

13 FURTHER RESOLVED, That the Secretary of the Authority shall, in cooperation with
14 the Clerk of the City and County of San Francisco, prepare, publish, and mail such notices
15 and documents and do all other acts as may be necessary to carry out the purposes of this
16 Resolution; and, be it

17 FURTHER RESOLVED, That the Board of Directors hereby authorizes the
18 Redevelopment Project Director to enter into any additions, amendments or other
19 modifications to the Report to Board that the Redevelopment Project Director determines in
20 consultation with the City Attorney are in the best interests of the Authority, that do not
21 materially increase the obligations or liabilities of the Authority, that do not materially reduce
22 the rights of the Authority, and are necessary or advisable to complete the preparation and
23 approval of the Report to Board, such determination to be conclusively evidenced by the
24 execution and delivery by the Redevelopment Project Director of the documents and any
25 amendments thereto.

1
2 **CERTIFICATE OF SECRETARY**

3 I hereby certify that I am the duly elected Secretary of the Treasure Island
4 Development Authority, a California nonprofit public benefit corporation, and that the
5 above Resolution was duly adopted and approved by the Board of Directors of the
6 Authority at a properly noticed meeting on March 9, 2011.
7

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Jean-Paul Samaha, Secretary
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FINAL

**TREASURE ISLAND/
YERBA BUENA ISLAND
REDEVELOPMENT PLAN ADOPTION**

**REPORT TO THE BOARD ON THE
REDEVELOPMENT PLAN**

PREPARED FOR:

**TREASURE ISLAND DEVELOPMENT
AUTHORITY**

FEBRUARY 2011

Seifel
CONSULTING INC.

221 Main Street
Suite 420
San Francisco CA
94105

415.618.0700
fax 415.618.0707
www.seifel.com

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Treasure Island Development Authority

Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

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I. Introduction

Since the mid-1990s, the City and County of San Francisco (City) has been working with public and private partners and the community to devise and implement a plan for the reuse and redevelopment of the former Naval Station Treasure Island (NSTI), which includes all of Treasure Island and portions of Yerba Buena Island. The Redevelopment Plan for the Treasure Island/Yerba Buena Island Redevelopment Project (Redevelopment Plan) is a key tool in the plan for revitalization of NSTI currently contemplated by the City and its partners.

Pursuant to the provisions of the Treasure Island Conversion Act of 1997 (Conversion Act), the Board of Supervisors of the City and County of San Francisco (Board of Supervisors) designated the Treasure Island Development Authority (TIDA) as the redevelopment agency for NSTI.¹ TIDA is preparing the proposed Redevelopment Plan for the Treasure Island/Yerba Buena Island Redevelopment Project Area (Project Area), located within the boundaries of the former NSTI.² TIDA is the Local Reuse Authority (LRA), which acts as the lead agency for the management, redevelopment and reuse of NSTI. If the Redevelopment Plan is approved by TIDA, the Board of Supervisors will be requested to consider adoption of the Redevelopment Plan in Spring 2011.

The Redevelopment Plan is the legal document that sets forth the authority of TIDA to implement the program of redevelopment projects and activities (Redevelopment Program) designed to achieve successful redevelopment of the Project Area. The Redevelopment Plan describes the goals and objectives of redevelopment and the financing methods to be used to fund the Redevelopment Program. If adopted, the Redevelopment Plan will provide critical tools to eliminate blighting conditions in the Project Area and promote its successful reuse.

Purpose of the Report to Board

This document is the Report to the Board for the Redevelopment Plan (Report to Board). The Report to Board is an integral step in the process leading to consideration of adoption of the Redevelopment Plan. This report is required under Section 33352 of the California Community Redevelopment Law (CRL), a subsection of the California Health and Safety Code.³ TIDA is also utilizing special provisions for military base conversions under Chapter 4.5 of the CRL (Section 33492 et seq.) to prepare and adopt the Redevelopment Plan.

The Report to Board is a public document designed to provide the comprehensive information, analyses and evidence the Board of Supervisors must consider when determining whether to adopt the Redevelopment Plan. The Report to Board is of value to all participants in the plan

¹ Treasure Island Conversion Act of 1997 (Chapter 898, Statutes of 1997, as amended by Chapter 543, Statutes of 2004, as amended, and Chapter 318, Statutes of 2008). Refer to Appendix E.

² As described in Section C and throughout this Report, the Project Area includes the Job Corps lands on Treasure Island and the Caltrans lands on Yerba Buena Island, but not the Coast Guard lands and facilities on Yerba Buena Island. No redevelopment activities are currently planned for any of these three areas, except for infrastructure or street improvements necessary to allow the new and existing systems to tie together. The portion of the Project Area exclusive of the Job Corps and Caltrans lands is known as the Development Plan Area.

³ The California Community Redevelopment Law is contained in Part I of Division 24, Community Development and Housing, of the Health and Safety Code beginning at Section 33000. All further statutory references are to the Health and Safety Code unless otherwise noted.

adoption process as a statement of program needs, goals, activities, and costs. Prepared pursuant to the requirements of the CRL, this Report to Board describes the reasons for adopting the Redevelopment Plan, existing physical and economic conditions in the Project Area, and Redevelopment Program goals, projects, activities, and costs. The Report to Board also provides an assessment of financing methods and the economic feasibility of the Redevelopment Plan, including tax increment revenues and other funding sources for the Redevelopment Program.

A. Report Organization

In general, this Report to Board:

- Describes the proposed Project Area;
- Documents the existing conditions in the Project Area, including economic and physical blight;
- Provides an assessment of why redevelopment is necessary to alleviate blight;
- Describes the Redevelopment Program that is made possible through the proposed Redevelopment Plan;
- Projects potential tax increment revenues to be generated by the Project Area; and
- Demonstrates the financial feasibility of the proposed Redevelopment Plan.

Chapter I describes the Project Area, including its location and boundaries, historical and existing uses and reasons for its selection. This chapter also presents the jurisdictional context, statutory requirements and how this Report to Board addresses those requirements, as well as summaries of the major documents in the Redevelopment Plan adoption process, public involvement in the process and public actions to date.

Chapter II documents existing physical and economic blighting conditions present in the Project Area and why redevelopment is necessary to alleviate blight.

Chapter III presents the proposed goals and objectives of the Redevelopment Plan and the proposed Redevelopment Program for the Project Area, describes how the proposed Redevelopment Program will alleviate the physical and economic blighting conditions identified in Chapter II, and summarizes the estimated costs of the Redevelopment Program.

Chapter IV describes the financial resources available to TIDA to accomplish the proposed Redevelopment Program, describes tax increment financing, projects the potential tax increment revenues that the Project Area will generate, and evaluates the financial feasibility of the Redevelopment Program.

Chapter V discusses the Five-Year Implementation Plan requirement, and refers to the Five-Year Implementation Plan included as Appendix J. The Implementation Plan outlines statutory requirements for Redevelopment Program activities. The Implementation Plan also sets forth TIDA's goals, objectives, programs, and expenditures for the five-year Implementation Plan period, including program priorities and expenditure estimates.

Chapter VI describes the method or plan for relocation to address relocation of persons or families that may be displaced due to redevelopment activities.

Chapter VII provides an analysis of the Preliminary Plan.

Chapter VIII discusses the actions by the Planning Commission pertaining to review of the Redevelopment Plan.

Chapter IX summarizes opportunities for public review of and comment on the Redevelopment Plan.

Chapter X describes the status of the environmental review of the Redevelopment Plan and Development Program.

Chapter XI provides an analysis of the Report of the County Fiscal Officer.

Chapter XII includes a summary of consultations with affected taxing entities.⁴

Chapter XIII contains the Neighborhood Impact Report.

This Report to Board also contains supporting documentation in the following appendices:

- Appendix A contains a list of definitions of terms and abbreviations that appear throughout this Report to Board.
- Appendix B contains a list of sources used to prepare this Report to Board.
- Appendix C contains the legal description and map of both the Project Area and the Development Plan Area.
- Appendix D contains photographic documentation of existing conditions in the Project Area.
- Appendix E contains the text of relevant legislation, including the Treasure Island Conversion Act of 1997, as amended, and the Treasure Island Public Trust Exchange Act of 2004, as amended.
- Appendix F contains a list of public actions to date.
- Appendix G contains a list of potential funding sources other than tax increment financing that could support the Redevelopment Program.
- Appendix H contains projections of tax increment revenues from the Project Area.
- Appendix I contains the Report of the County Fiscal Officer.
- Appendix J contains the FY 2010/11 through FY 2015/16 Five-Year Implementation Plan.
- Appendix K contains the Replacement Housing Plan adopted by TIDA.
- Appendix L contains the Amended Preliminary Plan.
- Appendix M contains community participation documentation.
- Appendix N contains environmental review documentation.
- Appendix O contains documentation of required consultations with affected taxing entities.

⁴ As further described in Chapter IV, affected taxing entities are those entities that levy taxes on property in the Project Area.

B. Key Terms and Definitions

Several key terms related to the proposed Redevelopment Plan used in this Report are defined below. Refer to Appendix A for additional definitions of terms and acronyms used in this Report.

Redevelopment Plan refers to that certain document governing the redevelopment actions of TIDA in the Project Area. This document (1) establishes long-term planning goals as well as implementation policies and procedures for the redevelopment of the Project Area, (2) establishes certain limitations on the authority of TIDA to conduct activities within the Project Area, (3) serves as a financing plan authorizing use by TIDA of particular redevelopment financing tools to implement projects and policies, and (4) sets forth certain time and fiscal limits for the Project Area.

Design for Development for Treasure and Yerba Buena Islands (Design for Development) refers to a separate document that would be authorized in the Redevelopment Plan and adopted by TIDA. Together, these documents would establish the land use controls and design standards for the project site.

Redevelopment Project Area or Project Area refers to the area of redevelopment focus, which consists of the following areas: (1) all of Treasure Island, plus the adjacent tidal and submerged lands; and (2) all of Yerba Buena Island, except for the United States Coast Guard (Coast Guard) lands, plus the tidal and submerged lands adjacent to Yerba Buena Island, except for those portions of the tidal and submerged lands under the control of the Coast Guard. Refer to Figure I-2 and Figure I-3.

Redevelopment Program refers to the proposed program of projects and activities to be undertaken in the Project Area if the Redevelopment Plan is adopted, which are designed to eliminate blight and achieve the successful reuse of NSTI. TIDA has identified three projects that comprise the Redevelopment Program:

- The Development Program described below, which is the primary component of the Redevelopment Program.
- The Yerba Buena Island Ramps Improvement Project (Ramps Project), which includes the replacement of the westbound freeway ramps on the east side of the Yerba Buena Island tunnel and the seismic upgrade of the viaduct connecting the Yerba Buena Island causeway to the Bay Bridge westbound ramps and to Hillcrest Road. The Ramps Project, a separate project from the Development Program, is being proposed by the San Francisco County Transportation Authority (SFCTA), and is currently being studied by the SFCTA and the California Department of Transportation (Caltrans) for purposes of environmental clearance and project authorization.
- The water-side expansion of Treasure Island Marina to 400 slips (Marina Project), being separately proposed by Treasure Island Enterprises, LLC (TIE) and TIDA.

Development Plan refers to the document entitled “*Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island*” between TIDA and the prospective master developer, Treasure Island Community Development, LLC (TICD or Developer), endorsed by the TIDA Board of Directors and the Board of Supervisors in 2006, as amended by the “*Update to Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island*,”

endorsed by the TIDA Board of Directors in April 2010 and by the Board of Supervisors in May 2010.⁵

Development Plan Area refers to the portions of the Project Area that would be developed as part of the proposed project described in the Development Plan. The Development Plan Area includes all of the Project Area, except as follows: (1) the United States Department of Labor (Department of Labor) Job Corps lands on Treasure Island, which would continue to be owned and operated by the Department of Labor; and (2) the lands that would remain under the jurisdiction of the Federal Highway Administration (FHWA) and/or Caltrans on Yerba Buena Island. Refer to Figure 1-4.

Development Program refers to the proposed program of projects and activities described in the Development Plan and Development Plan Update. The Development Program is proposed to be implemented via a Disposition and Development Agreement (DDA) and related transactional documents between TICD and TIDA, and a separate agreement between TIDA and the Treasure Island Homeless Development Initiative (TIHDI), a collaborative of nonprofit organizations, by which TIHDI would participate in the redevelopment of NSTI via new supportive homeless housing and economic development opportunities. In addition, portions of the Development Program are proposed to be implemented directly by TIDA or by other City agencies. The following redevelopment activities and components comprise the proposed Development Program:

- Geotechnical stabilization of certain portions of Treasure Island and the causeway connecting it to Yerba Buena Island, as well as addition of fill to raise the surface elevation on those portions of Treasure Island that are to be developed to address flood protection and potential future sea level rise;
- Additional environmental remediation if and as required to implement the other components of the Development Program;
- New residential units, approximately 30 percent of which will be affordable units, including new supportive homeless housing units to be developed by TIHDI member organizations;
- New commercial, retail and office space with associated parking;
- Retention and reuse of the Chapel on Treasure Island;
- Adaptive reuse of Buildings 1, 2 and 3 on Treasure Island and rehabilitation of the historic buildings on Yerba Buena Island with associated parking;
- New hotel facilities;
- New and/or upgraded public facilities, including a joint police/fire station on Treasure Island, a public elementary school and other community facilities;
- New and/or upgraded public utilities, including water distribution, wastewater collection and treatment, recycled water, and storm water collection and treatment systems;
- New and upgraded parks and public open space, including cultural uses;
- New and/or upgraded streets and public ways;
- Bicycle, transit and pedestrian facilities;

⁵ In 2003, after a competitive selection process, TIDA selected TICD as the prospective master developer to implement the Development Program as part of the overall Redevelopment Program.

- Facilities, both landside and waterside, for the Treasure Island Sailing Center;
- Landside services for the Treasure Island Marina; and
- A ferry quay/bus intermodal transit center (Transit Hub).

As noted above, the Ramps Project and the Marina Project are included as a part of the overall Redevelopment Program but are not part of the Development Program. Only the landside services for the Treasure Island Marina are included as part of the Development Program.

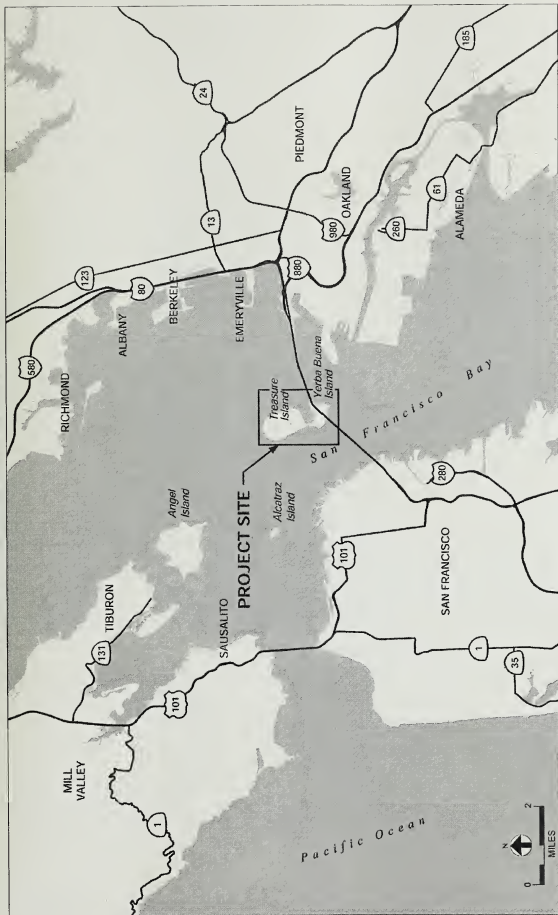
C. Project Area and Development Plan Area

This section describes the regional context and boundaries of the proposed Project Area, provides background on historical and existing uses, and discusses the reasons for selection of the Project Area and the need for redevelopment. This section also describes the Development Plan Area, which excludes portions of the Project Area that are not under the control of TIDA, as discussed in this Chapter. Redevelopment Program activities are not proposed in the portions of the Project Area outside the Development Plan Area, except for infrastructure or street improvements necessary to allow the new and existing systems to tie together.

1. Project Area Location

Treasure Island and Yerba Buena Island (collectively “the Islands”) are located in the center of San Francisco Bay, midway between the City and County of San Francisco and the City of Oakland. The Project Area lies entirely within the City and County of San Francisco, and is bordered by San Francisco Bay on all sides. The only vehicular access to the Project Area is via the San Francisco/Oakland Bay Bridge (Bay Bridge), which crosses San Francisco Bay and connects to Yerba Buena Island. Access to the Project Area from the Bay Bridge is provided via one off-ramp and two on-ramps in the westbound direction, and two off-ramps and one on-ramp in the eastbound direction. A narrow causeway links Treasure Island and Yerba Buena Island. Figure I-1 shows the location of the Project Area within San Francisco Bay.

Figure I-1
Project Area Location
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Source: Turnstone Consulting.



2. The Islands, Project Area and Development Plan Area

The Islands contain approximately 1,192 acres of land, comprised of 557 acres of dry land and 635 acres of submerged lands, as shown in Table I-1 below. The breakdown of land area and ownership on each island is as follows:

- Treasure Island contains a total of 722 acres, comprised of 397 acres of dry land and 325 acres of submerged land. NSTI historically occupied the entirety of the island, but approximately 37 acres of dry land were transferred from the United States Navy (Navy) to the Department of Labor in 1998, after the closure of NSTI in 1997.
- Yerba Buena Island contains a total of 470 acres, comprised of 160 acres of dry land and 310 acres of submerged land. This total includes the approximately 5-acre causeway connecting the Islands. NSTI historically occupied the entire island except for approximately 30 acres on the southeast side of the island occupied by the Coast Guard. The Navy transferred both dry and submerged lands to the Coast Guard in 1998 and 2002, and to the FHWA in 2000. The FHWA property currently contains approximately 18 acres of dry land and 1 acre of submerged land.⁶ The Coast Guard property currently contains approximately 48 acres of dry land and 95 acres of submerged land.

Table I-1 summarizes the acreage of the Islands, the Project Area and the Development Plan Area. Figure I-2 and Figure I-3 show the Project Area boundaries. Figure I-4 shows the Project Area and the portions of the Project Area excluded from the Development Plan Area. The legal description and map of the Project Area and, for informational purposes only, the Development Plan Area, are provided in Appendix C.

**Table I-1
Islands, Project Area and Development Plan Area Acreage
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption**

	Islands			Project Area ^a			Development Plan Area		
	Dry Land	Submerged	Total	Dry Land	Submerged	Total	Dry Land	Submerged	Total
Treasure Island	397	325	722	397	325	722	360	325	685
Yerba Buena Island	160	310	470	112	215	327	94	214	308
Total	557	635	1,192	509	540	1,049	454	539	993

a. Includes portions of the Project Area not under the authority of TIDA.

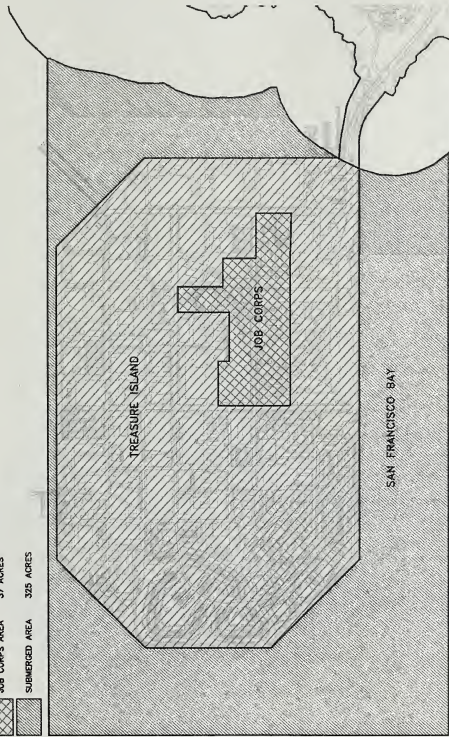
Source: BKF Engineers.

⁶ As described in Section D, this area has subsequently been transferred to Caltrans for Bay Bridge-related construction and maintenance activities.

Figure I-2
Project Area - Treasure Island
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

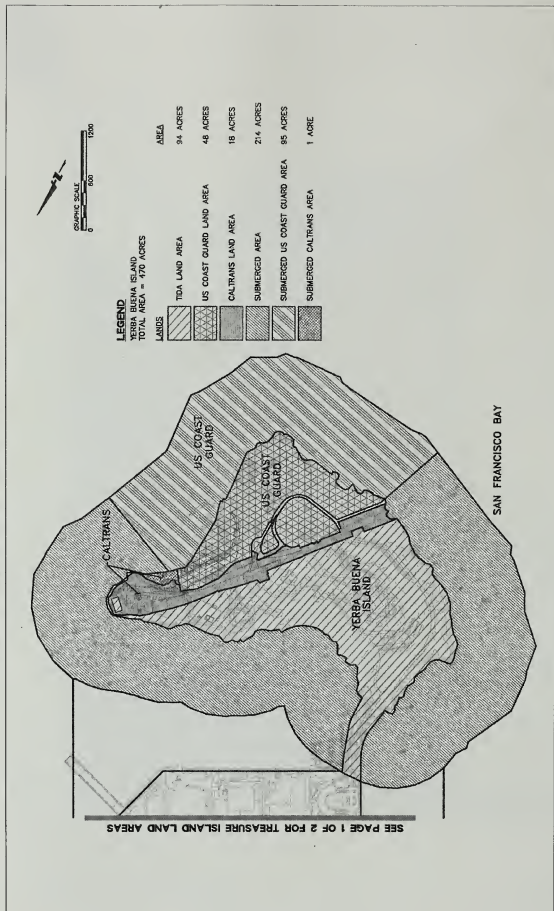
LEGEND
TREASURE ISLAND
TOTAL AREA = 722 ACRES

LANDS	AREA
	TOTAL LAND AREA 360 ACRES
	JOB CORPS AREA 37 ACRES
	SUBMERGED AREA 325 ACRES



Source: BKF Engineers.

Figure I-3
Project Area - Yerba Buena Island
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Source: BKF Engineers.

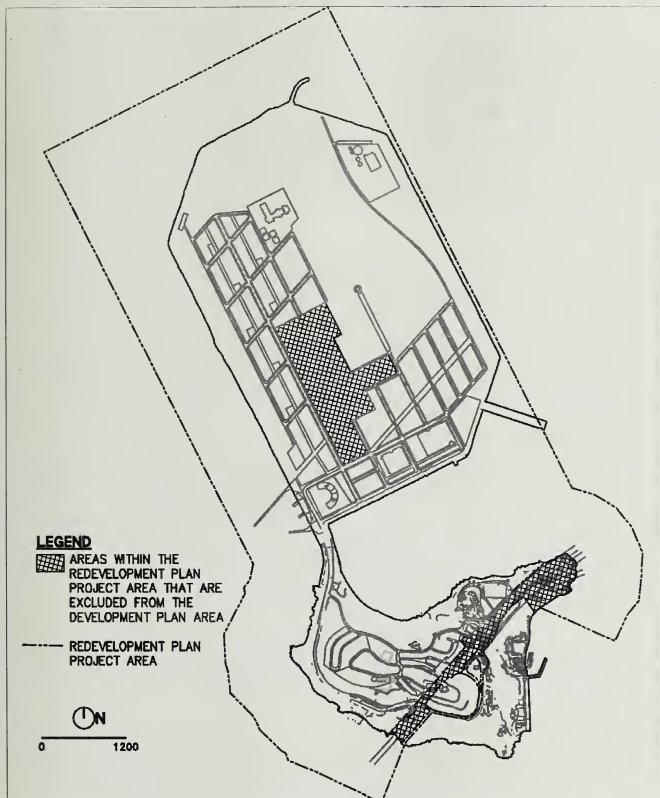


Treasure Island Development Authority
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

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Seifel Consulting Inc.
February 2011

Figure I-4
Portions of Project Areas Excluded from Development Plan Area
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Source: BKF Engineers, TICD.



3. Project Area Background

The U.S. Congress closed NSTI in September 1997, as part of the Base Realignment and Closure Program. TIDA and the Navy have initiated the disposal process for NSTI, as required by the Defense Base Closure and Realignment Act of 1990 (BRAC). Under Public Law 104-106, the Navy can convey NSTI directly to TIDA upon closure of NSTI. In December 2009, the Navy and TIDA reached conceptual agreement on the broad terms of conveyance for the former NSTI. On April 7, 2010, the TIDA Board of Directors endorsed an Economic Development Conveyance Memorandum of Agreement (EDC MOA) between the Navy and TIDA that will serve as the basis for a final conveyance agreement to transfer the former NSTI to TIDA, subject to final project-specific environmental review of the proposed Redevelopment Plan and Development Program. The Board of Supervisors endorsed the EDC MOA on May 18, 2010. Transfer is anticipated to occur in late 2011.

a. Historical Uses

When NSTI was operational, the military buildings served a broad range of residential and non-residential functions including officers' quarters, medical/dental offices, a fire training facility, a prison (brig), administrative offices, a conference center, restaurants, and barracks, as well as miscellaneous storage and equipment buildings. The majority of the non-residential buildings were built between 1937 and 1944, but the Navy initiated further building in 1957 that included barracks, dining halls and additional administrative buildings. Additional barracks were built from 1970 to 1975, and the fire-fighting school, brig, and medical/dental clinic were constructed between 1990 and 1991.⁷

Treasure Island

Treasure Island, which consists entirely of level, filled land, was constructed by the U.S. Army Corps of Engineers from 1936 to 1939 as the long-term site for the future San Francisco Airport and the short-term site for the 1939–1940 Golden Gate International Exposition. The Exposition, which took place from February 1939 to September 1940, was held to celebrate the newly completed Golden Gate Bridge and Bay Bridge. After the Exposition, the island was to become the San Francisco International Airport. However, the island was taken by the federal government and converted to a Navy base when the United States entered World War II. During the war years, the island served as a center for the receiving, training and dispatching of military service personnel.

After World War II, the Navy used the installation primarily as a training and administrative center. Some of the major functions were the Fleet Training Center, Commander Naval Base San Francisco, waterfront facilities, troop and family housing, personnel support, and a Navy and Marine Corps museum.

Yerba Buena Island

Yerba Buena Island is a steeply sloped natural island occupied by Native Americans for hundreds of years before Europeans settled in San Francisco Bay. In 1867, the United States Army (Army)

⁷ 2009 Treasure Island and Yerba Buena Island Risk Assessment, p. 2-8.

established a presence on Yerba Buena Island by setting up a post on the northeastern side. In 1891, the Army built a torpedo station complex, storehouse, wharf, and officers' quarters. The Army maintained a small base on the island until 1960.

In 1872, a lighthouse was constructed on the south side of the island by the Lighthouse Board, which later became the Lighthouse Service and ultimately the Coast Guard. In 1939, a Coast Guard station and buoy maintenance facility was established on the southeastern side of the island.

The Navy also had a presence on Yerba Buena Island. In 1898, the Navy established a training station on the island. After 1923, the island operated as a receiving station for servicemen returning from overseas. After World War II, the Navy-controlled portions of Yerba Buena Island became primarily a residential facility. These uses have continued to the present.

b. Existing Uses

A variety of commercial, residential, institutional, recreational, and cultural facilities are located on the Islands. TIDA currently serves as caretaker of the Islands, via a Cooperative Agreement with the Navy, and is responsible for overseeing the operations and maintenance of the former base, including managing a variety of interim land uses through a series of Master Leases with the Navy.⁸ Navy operations ceased in 1997, but a portion of Yerba Buena Island still contains a functional Coast Guard maintenance facility that will remain.

Under Board of Supervisors Resolution No. 573-94, adopted July 2, 1994, the City elected to be governed by a process prescribed by the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 (Assistance Act), which requires the LRA to propose a plan for the use of buildings, property and other resources on NSTI to assist homeless persons in the community. TIHDI is a collaborative of nonprofit organizations that was formed in June 1994 for the purpose of utilizing the structural and economic development resources of the base to fill gaps in the continuum of care for homeless individuals and families in the City.⁹

Specific existing uses on the Islands include:

- Job Corps Campus, consisting of eight buildings with over 500,000 square feet located on Treasure Island on 37 acres of land that the Navy transferred to the Department of Labor in 1998. The facility serves approximately 500 students. While technically part of the proposed Project Area, TIDA has no authority over the land or structures in this portion of the island while it is owned and operated by the Department of Labor.
- Residential buildings, consisting of approximately 1,005 housing units, of which approximately 805 are habitable.¹⁰ The total resident population of the Islands in 2011 is estimated to be 1,820 persons.¹¹ The housing units include both market-rate and supportive units for formerly homeless persons as follows:

⁸ Draft Environmental Impact Report for the Treasure Island/Yerba Buena Island Redevelopment Project (Draft EIR), July 2010, Section II.

⁹ Term Sheet for the Amended and Restated Base Closure Homeless Assistance Agreement, May 2010.

¹⁰ Draft EIR, Section II.

¹¹ Draft EIR, Section IV.C.

- John Stewart Company, a local property management company, manages a total of 555 market-rate housing units on behalf of TIDA. Of these units, 475 are on Treasure Island and 80 units are on Yerba Buena Island.
- TIHDI member organizations operate 74 transitional and 176 permanent units on Treasure Island.
- Recreational facilities, including a gymnasium, ball fields, tennis courts, a boat ramp, a fishing pier, picnic areas, and several other public open spaces.
- Marine-related facilities, including a 100-slip marina in Clipper Cove and Pier 1, a long finger pier located on the southeast corner of Treasure Island used for berthing larger vessels that cannot use the marina or for loading/unloading barges.
- Cultural and special event facilities, including the Chapel, Casa de la Vista, the Great Lawn, the Administration Building, the Pavilion by the Bay, and the Hangar 3 building, available for events such as weddings, parties and meetings.
- Other non-residential uses, including offices, a small restaurant, a convenience store, a childcare center, a fire station and fire training academy, a wastewater treatment plant, film production facilities, and a yacht club.
- Storage, communications, fire safety, and administrative buildings, several of which are little more than abandoned sheds.
- Coast Guard facilities, occupying approximately 48 acres of dry land and 94 acres of submerged land on the southeastern side of Yerba Buena Island. The Coast Guard facilities include administrative buildings, a housing complex, open storage and docks, buoy maintenance facilities, and a vessel tracking station. This portion of Yerba Buena Island includes about 37 buildings containing 25,877 square feet, and will remain under the control of the Coast Guard. The Coast Guard property and facilities are not a part of the proposed Project Area.
- Caltrans facilities, occupying approximately 18 acres of dry land and 1 acre of submerged land along the Bay Bridge. While technically part of the proposed Project Area, TIDA has no authority over these lands or the structures owned and operated by Caltrans.

c. Remaining Historical Resources

As the site of the Golden Gate Exposition of 1939–40, the entirety of Treasure Island is listed as a State Historic Landmark on the California Register of Historic Resources. In addition, a number of individually eligible historic buildings currently exist on the Islands. These remaining historic resources are as follows:

- On Treasure Island, remaining Exposition Buildings 1, 2 and 3 (including Building 111 as a component of Building 3, and landscapes associated with each of the historic buildings as contributing features of those buildings). In addition, the Damage Control Trainer (a Navy-era battleship simulator known as the *U.S.S. Buttercup*), as an object, was recently found to be eligible for the California Register of Historical Resources.
- On Yerba Buena Island, the Torpedo Assembly Building (Building 262), Quarters 1 (also known as the Nimitz House), and Quarters 10 (including Building 267).

In addition to the individually eligible buildings, a group of buildings on Yerba Buena Island known as the Senior Officers' Quarters Historic District (SOQHD) is also a historic resource. The

SOQHD is comprised of eleven contributing elements: Quarters 1 through 7; Buildings 83, 205 and 230; and certain landscape features.

The Redevelopment Program includes rehabilitation of all of the following historic buildings within the Development Plan Area, as follows: Buildings 1, 2 and 3 on Treasure Island; and Building 262, Quarters 10/Building 267, and the SOQHD buildings on Yerba Buena Island.¹² Building 111, a component of Building 3 that is not an individually eligible resource, is proposed to be demolished. The *U.S.S. Buttercup* is also proposed to be demolished.

4. Reasons for Project Area Selection and Need for Redevelopment

The primary consideration in selecting the Project Area boundaries is to provide a financing mechanism to assist with the transition to civilian reuse of the former naval station and create a new, vibrant San Francisco neighborhood. The financing will be used to eliminate blighting conditions in the Project Area that currently hinder its reuse.

Because NSTI was developed and managed by the Navy for many years, physical conditions do not conform to current community standards, such as building codes and infrastructure standards. The improvements necessary to upgrade buildings, infrastructure and streets to meet acceptable standards will be most efficiently accomplished through a coordinated and unified planning and implementation process pursuant to a DDA between TIDA and the prospective master developer TICD. The Redevelopment Plan will also enable the use of tax increment financing, which is necessary to undertake the public improvements and infrastructure projects to facilitate redevelopment of former NSTI. The Redevelopment Program proposes new buildings, infrastructure and streets designed to alleviate blighting conditions and achieve successful reuse of the former military base. The Redevelopment Program is described in detail in Chapter III.

In order to realize the comprehensive redevelopment of NSTI in line with community goals as articulated in the endorsed Development Plan, TIDA and TICD will have to invest in blight alleviation activities as well as other activities that connect the new development together with the surrounding community. The Development Plan calls for dense development, including office and commercial districts, community facilities and a substantial amount of housing at varying levels of intensity. This intensive development pattern is necessary to alleviate adverse physical and economic conditions, achieve sustainability goals, support the proposed transit and other transportation improvements, generate sufficient revenue, promote local economic development, ensure that other areas can be set aside for open space and recreation, and provide other public benefits.

The proposed development intensity is also needed to balance jobs, housing, retail, and other community needs, as well as to justify private sector participation in the redevelopment of NSTI. Development of NSTI requires an extraordinary level of investment in infrastructure, including

¹² One design alternative, Alternative 2B, being studied as part of the Ramps Project (which proposes to reconstruct the westbound on-and off-ramps of the Bay Bridge), would require that Quarters 10 and Building 267 be either demolished or relocated. If this alternative is selected and implemented, the separate Ramps Project would be responsible for any such demolition or relocation and any structural work associated with that relocation. The Development Program proposes to rehabilitate the buildings, either in their current location or, if they are relocated, after that relocation occurs.

replacement and upgrading of entire utility systems as well as major transportation and roadway infrastructure to connect the new development to the surrounding community. Extensive site preparation work and seismic improvements must also be done prior to development. Most of these infrastructure and predevelopment costs must be borne upfront, creating additional funding and financing challenges.

Many types of blighting conditions are evident in the Project Area, as documented in Chapter II of this Report. As discussed in Section D.3 of Chapter II, blighting conditions in the Project Area were evaluated in accordance with CRL Section 33492.11 (CRL Chapter 4.5, Military Base Conversion Redevelopment Agencies), which addresses the special circumstances associated with redevelopment and reuse of closed military bases. The blighting conditions documented in Chapter II are also supported by a number of planning studies prepared during the reuse planning process.

The blighting conditions documented in Chapter II are so substantial and prevalent that they represent a substantial burden on the City. Without the assistance of the Redevelopment Program described in Chapter III, including the public financing mechanism of tax increment financing as a primary source of funding authorized by the proposed Redevelopment Plan, private investment could not finance the improvements needed to facilitate the planned reuse of the decommissioned military base. Funding sources for the proposed Redevelopment Program are described in Chapter IV.

D. Jurisdictional Context

Due to its unique location and characteristics, the Project Area falls within several regulatory jurisdictions that are relevant to its reuse and redevelopment. These jurisdictions and their roles in the reuse and/or redevelopment process are briefly described below.

1. Treasure Island Development Authority (TIDA)

On May 2, 1997, in accordance with the Conversion Act described below, the Board of Supervisors authorized the Mayor's Treasure Island Project Office to establish TIDA as the redevelopment agency for NSTI. TIDA is a California nonprofit public benefit corporation established for the purpose of overseeing and implementing the redevelopment, reconstruction, rehabilitation, reuse, and conversion of NSTI for the public interest, convenience, welfare, and common benefit of the inhabitants of the City. Under a Cooperative Agreement with the Navy, TIDA is responsible for overseeing the operations and maintenance of the base, and managing a variety of interim land uses through a series of Master Leases with the Navy. TIDA is also the LRA, and acts as the lead agency for the management, redevelopment and reuse of NSTI. The Mayor appoints the TIDA Board Members, subject to Board of Supervisors approval.

Under the Conversion Act, included in this report as Appendix E, the California legislature took the following actions:

- Authorized the Board of Supervisors to designate TIDA as a redevelopment agency under the CRL with authority over NSTI.

- Granted TIDA the right to administer the Public Trust for Commerce, Navigation and Fisheries (Tidelands Trust) over former tidal or submerged areas of Treasure Island.¹³
- Provided TIDA with all the powers of a redevelopment agency for all purposes under state law, consistent with the Tidelands Trust and the Conversion Act.

2. City and County of San Francisco

The proposed Project Area is located in the City and County of San Francisco. The City approved the Cooperative Agreement between TIDA and the Navy in order to further interim use opportunities at NSTI. As co-lead agencies under CEQA, both TIDA and the San Francisco Planning Commission (Planning Commission) must certify the Final Environmental Impact Report for the Treasure Island/Yerba Buena Island Redevelopment Project (Final EIR), which analyzes the Redevelopment Plan and Development Program. The Board of Supervisors will be requested to consider adoption of the Redevelopment Plan, approval of a statutory development agreement, the Disposition and Development Agreement between TIDA and TICD, and amendments to the General Plan, Planning Code and Zoning Map to ensure consistency with the Redevelopment Plan and other legislative acts.

3. San Francisco Bay Conservation and Development Commission

The San Francisco Bay Conservation and Development Commission (BCDC) functions as the state coastal management agency for San Francisco Bay. The San Francisco Bay Plan adopted by BCDC guides the protection and use of the Bay and its shoreline. Within the Project Area, BCDC jurisdiction includes San Francisco Bay, as well as marshlands, tidelands, submerged lands, and all territory located between the shoreline of San Francisco Bay and a line 100 feet landward of and parallel with that line. BCDC has the authority to issue or deny permits for the placement of fill, extraction of materials, or substantial changes in use of land, water, or structures within its jurisdiction, and to enforce policies aimed at protecting San Francisco Bay and its shoreline, as well as providing maximum feasible public access.

4. Tidelands Trust and California State Lands Commission

In California, tidelands, submerged lands and navigable waters are subject to the public trust for commerce, navigation and fisheries (Tidelands Trust). The California Legislature gave the California State Lands Commission authority over California's ungranted Tidelands Trust lands. The California Legislature, by statute, also conveyed certain Tidelands Trust lands (granted lands), in trust, to more than 80 cities, counties or other governmental agencies, including five major ports (grantees).

State and local tidelands grantees are administrators of their respective Tidelands Trust lands, and are required to manage those lands consistent with the terms and conditions of the statutory grant as well as the common law principles and related provisions of the California Constitution that govern use of these lands. Uses on Tidelands Trust lands must serve statewide, as opposed to purely local, public purposes. Tidelands Trust uses are generally limited to water-dependent or related uses, and include commerce, fisheries, navigation, ecological preservation, and recreation.

¹³ These areas will be subject to the Tidelands Trust upon transfer from the Navy.

Treasure Island is composed of landfill placed on former tidelands and submerged lands. As such, the State of California has asserted that the lands will be subject to the Tidelands Trust and the terms and conditions of the Conversion Act grant when the lands are conveyed out of federal ownership. As a natural island in San Francisco Bay, most of Yerba Buena Island is not presently subject to the provisions of the Tidelands Trust.

The Tidelands Trust and related constitutional provisions impose three principal restrictions on lands subject to the Trust:

- Land uses are limited to those consistent with Trust purposes;
- Sale of fee title from Trust property to private entities or persons, or other forms of alienation of Trust property, is prohibited (although ground leases are permitted subject to statutory limitations, the Conversion Act permits leases with a maximum term of 66 years); and
- Revenues generated from the use of Trust property must be devoted to Trust purposes.

Permitted uses under the Tidelands Trust generally include uses that attract people to the waterfront, promote public recreation, protect habitat, or preserve open space. Thus, hotels, public parks, visitor-serving retail, and certain water-related cultural, entertainment and recreational uses are generally permitted. Residential, non-maritime office, general industrial, and research and development uses are generally not permitted uses of Tidelands Trust property.

Limited non-Trust uses may be permissible on Trust lands under some circumstances. For example, interim non-Trust uses are generally permitted on Trust lands for short periods (i.e., five years or less) where there is no present Trust-related need for the lands and the use would not result in the construction of new permanent structures or otherwise impede conversion to Trust uses.

The Conversion Act contains provisions that specify how Trust land use restrictions are to be implemented on Treasure Island, on both an interim and long-term basis. Among other things, it provides that certain existing buildings on Treasure Island that are not capable of being devoted to Tidelands Trust uses (such as the existing housing, the elementary school, the brig, and the fire training school) may be used for non-Trust purposes for the remainder of the useful life of such buildings, as established by TIDA and the State Lands Commission consistent with the Conversion Act.

The existence of the Tidelands Trust limits the development potential of Treasure Island. In order to formulate a more rational and desirable land use plan and to create additional value that can then be used to finance the extensive geotechnical and infrastructure improvements required to redevelop NSTI, TIDA obtained State legislation authorizing a Tidelands Trust exchange between portions of Treasure Island and Yerba Buena Island. An exchange agreement between TIDA and the State would be considered for approval as part of the final approvals for the Redevelopment Plan and Development Program.

The Treasure Island Public Trust Exchange Act of 2004 (Exchange Act), as amended, approves and authorizes the State Lands Commission to carry out an exchange of lands under which certain non-Trust lands on Yerba Buena Island with substantial value for the Tidelands Trust would become subject to the Tidelands Trust and the statutory trust created under the Conversion Act,

and certain lands on Treasure Island that are no longer useful for Trust purposes would be freed from the Tidelands Trust and the statutory trust provision.¹⁴ Under the terms of the Conversion Act, only TIDA, as the trustee under the Trust, is permitted to hold land subject to the Trust. Portions of the Project Area that would be subject to the Tidelands Trust following the exchange are shown on Figure I-5.

5. Federal and State Government

The Navy has conveyed several portions of the former NSTI to other entities, as follows:

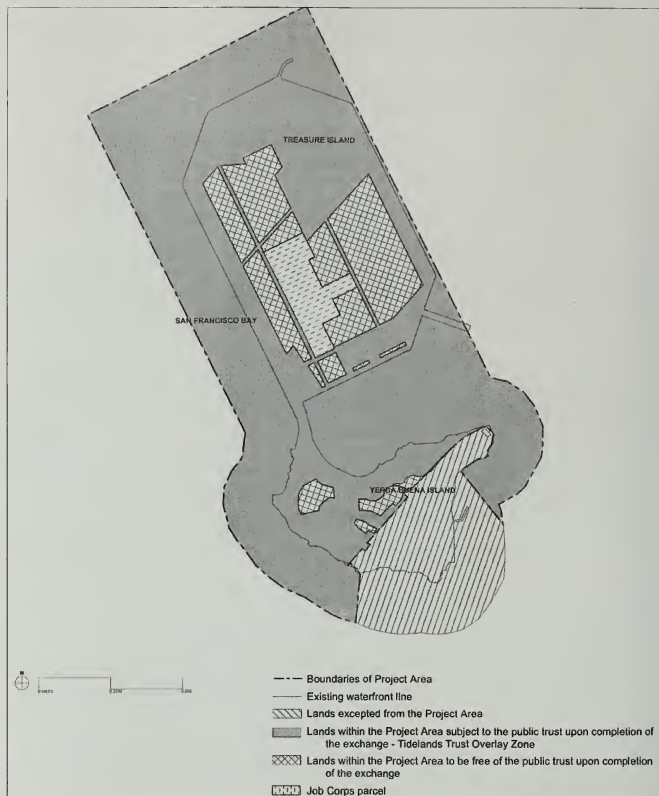
- Coast Guard: The Navy transferred dry and submerged lands on Yerba Buena Island to the Coast Guard in 1998 and 2002. These lands remain under the control of the Coast Guard.
- Job Corps: The Navy transferred 37 acres of land on Treasure Island through the BRAC process to the Department of Labor in 1998 for the purposes of operating a Job Corps Campus. This area remains under the control of the Department of Labor.
- FHWA: The Navy transferred in fee approximately 19 acres of dry and submerged land on Yerba Buena Island to the FHWA in October 2000, and granted temporary and permanent easements over approximately 78 acres. The FHWA then conveyed the land and easements to Caltrans for use in the retrofit of the east span of the Bay Bridge. Currently, Caltrans retains permanent control over approximately 18 acres of dry land and 1 acre of submerged land.

The Job Corps and Caltrans lands were part of the former NSTI, as those boundaries existed on January 1, 1996.¹⁵ These areas are included within the Project Area to create logical boundaries and facilitate the planning of redevelopment for the Project Area. However, TIDA will have no jurisdiction or authority under the Conversion Act or the CRL with respect to these lands, and the Redevelopment Plan will not apply, unless and until these lands are released from federal or state ownership. Most of the Coast Guard lands were not a part of the former NSTI, and the entirety of the Coast Guard lands, including the portions that were a part of NSTI on January 1, 1996 and were subsequently transferred to the Coast Guard, have been excluded from the Project Area.

¹⁴ Refer to Appendix E for the full text of the Exchange Act.

¹⁵ As discussed in Chapter II, special provisions apply to areas within the boundaries of a military base, as those boundaries existed on January 1, 1996.

Figure I-5
Tidelands Trust Land Exchange
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Sources: Perkins+Will, TIDC.



E. Plan Adoption Documents and Legal Requirements

Adopting a Redevelopment Plan involves complex procedures and documentation mandated by the CRL that are designed to provide a community's legislative body with the necessary analysis and input to make informed decisions about the purpose, scope and content of the proposed Redevelopment Plan and, ultimately, about whether to adopt the Redevelopment Plan.

1. Overview of the Major Redevelopment Plan Adoption Documents

The following briefly describes the major documents prepared for the Redevelopment Plan adoption process:

- Preliminary Plan

In cooperation with TIDA, the Planning Commission adopts the Preliminary Plan, which provides a general description of land uses, redevelopment goals and objectives, and a map and legal description of the Project Area boundaries.

The Planning Commission adopted the Preliminary Plan on August 19, 1999, amended the Preliminary Plan on November 20, 2008, and amended the boundaries of the Project Area on April 10, 2010.

- Environmental Impact Report (EIR)

CEQA requires preparation of an EIR as part of approving a Redevelopment Plan.¹⁶ While other state environmental review has been previously completed, the City and TIDA, as co-lead agencies, are in the process of preparing a project-level EIR for the proposed Redevelopment Plan and Development Program.¹⁷

The Draft EIR was published on July 12, 2010. The Comments and Responses to the Draft EIR is expected to be published in March 2011, and the TIDA Board and the Planning Commission are anticipated to consider certification of the Final EIR in April 2011.

- Preliminary Report

The Preliminary Report, required by Section 33344.5 of the CRL, describes the purpose and impact of the Redevelopment Plan and the Redevelopment Program that the Redevelopment Plan makes possible, and is the first major background document in the Redevelopment Plan adoption process. The Preliminary Report is designed to provide members of the Treasure Island/Yerba Buena Island Citizens Advisory Board (CAB), the TIDA Board and other governmental bodies, affected taxing entities and interested citizens

¹⁶ In accordance with CRL Section 33492.18, environmental review must be completed within 18 months of plan adoption for former military bases, as more particularly described below in Section E.2, Statutory Requirements for Reuse of NSTI.

¹⁷ The City prepared a Final Environmental Impact Report for the Transfer and Reuse of Naval Station Treasure Island in June 2006 in accordance with CEQA. The EIR analyzed the conveyance of NSTI to the City at a programmatic level, and also analyzed the expansion of the Treasure Island Marina at a project level. In certifying the 2006 EIR, the Planning Commission and TIDA, as lead agencies under that EIR, determined that subsequent project-level review would not be tiered from that document, so a new project-level EIR was required.

with an early statement of comprehensive background information on the proposed Redevelopment Plan adoption.

The Preliminary Report was published on July 12, 2010. A copy of the report was sent to the State Department of Finance (DOF) and the State Department of Housing and Community Development (HCD) on December 15, 2010.

- Redevelopment Plan

TIDA prepares a draft Redevelopment Plan, which in its final form will be the legal document setting forth the basic goals, powers and limitations within which TIDA must conduct its redevelopment activities over the life of the Redevelopment Plan. The draft Redevelopment Plan is published with the Preliminary Report, and is available for public review. TIDA submits the Redevelopment Plan to the TIDA Board and Planning Commission for their review and recommendation. If the TIDA Board approves the Redevelopment Plan, it transmits it to the Board of Supervisors, which must decide whether to adopt the Redevelopment Plan.

The draft Redevelopment Plan was published on July 12, 2010. The Redevelopment Plan in its final form is being published concurrently with this Report to Board.

- Report to the Legislative Body (Report to Board)

The Report to Board serves as the report to the legislative body, and consists of updated information from the Preliminary Report, a five-year implementation plan and additional chapters addressing specific requirements of the CRL.

2. Statutory Requirements for Reuse of NSTI

Two statutory requirements outline the establishment and operation of the proposed Project Area. The CRL addresses the special conditions and needs of project areas established within the boundaries of a military base closed following action by the Defense Base Closure and Realignment Commission. The Conversion Act provides for the special circumstances of redevelopment of NSTI.

a. CRL Requirements

To qualify as a project area under the CRL, an area must be considered blighted as that term is defined in the CRL. However, Chapter 4.5 modifies the definition of blight for closed military base redevelopment project areas. The provisions authorized by Chapter 4.5 may be used for the redevelopment of any closed or realigned military base, but shall not constitute the exclusive method by which redevelopment may occur on these bases. The primary purpose of Chapter 4.5 is twofold:

(a) Provide a means of mitigating the economic and social degradation that is faced by communities, the jurisdictions of which include military bases that have been ordered to be closed or realigned by the federal Base Closure Commission.

(b) Enable redevelopment agencies to place in a project area portions of a military base that were previously developed, but that cannot be utilized in their present condition because of, in whole or in part, substandard infrastructure and buildings that do not meet state building

standards. It is not the intent of the Legislature to encourage redevelopment agencies to include large areas of undeveloped land within project areas.

Chapter 4.5 includes significant changes to other requirements for adopting redevelopment plans under the existing CRL, including but not limited to the following:

- Section 33492.3 provides a specific exception to the requirement that a project area must be “predominantly urbanized,” as defined in Section 33320.1. Instead, “the project area may include all, or any portion of, property within a military base that the federal Base Closure Commission has voted to close or realign when that action has been sustained by the President and Congress of the United States, regardless of the percentage of urbanized land, as defined in Section 33320.1, within the military base.” As the Project Area includes only property within the former NSTI an analysis of urbanization is not required.
- Section 33492.13 requires that a redevelopment plan adopted pursuant to this chapter contain a limitation on the total amount of tax increment revenue collected during the life of the Redevelopment Plan, also referred to as a tax increment collection cap. The proposed Redevelopment Plan includes a tax increment collection cap.
- Section 33492.18 provides that an agency proposing a redevelopment project area pursuant to Chapter 4.5 may defer review under CEQA if the agency finds that the need to adopt a redevelopment plan at the earliest possible time requires a delay in the application of CEQA. The agency is subsequently required to certify an Environmental Impact Report (EIR) for the Redevelopment Plan within 18 months following the effective date of the ordinance adopting the Redevelopment Plan. The TIDA Board and the Planning Commission are anticipated to consider certification of the Final EIR in April 2011.
- Section 33492.16 allows an agency to annually defer the requirement that 20 percent of tax increment revenue be allocated to the Low- and Moderate-Income Housing Fund for a period of up to five years after the date of adoption of the Redevelopment Plan. This deferral option would be based upon the decision by the legislative body that the funds are necessary for the effective redevelopment of base property and long-term tax generation, and that the vacancy rate for housing affordable to low and moderate income households within the jurisdiction of the members of the agency is greater than four percent. The deferred amount must be repaid by the end of the twentieth fiscal year following adoption of the Redevelopment Plan. TIDA is not proposing to utilize this provision.
- Section 33492.20(a)(1)(B) suspends the requirement for a finding of consistency between the Redevelopment Plan and the jurisdiction’s General Plan prior to adoption of the Redevelopment Plan. However, Section 33492.20(a)(2) states that an agency may not expend any tax increment funds from a project area until the finding is made. Thus, prior to the expenditure of any tax increment funds, the Planning Commission and Board of Supervisors will be asked to consider amendments to the General Plan to ensure consistency between that document and the Redevelopment Plan.

b. Treasure Island Conversion Act of 1997

The Conversion Act, as amended, specifically addresses the conversion of NSTI to civilian use. The Conversion Act authorized the City to designate TIDA as the redevelopment agency with all rights and powers granted to a redevelopment agency pursuant to the CRL, and authorized it to manage future development of NSTI. The Conversion Act provides that TIDA will have the redevelopment authority to carry out the Redevelopment Plan, the primary purpose of which will

be to implement the Redevelopment Program. AB 1496 (Chapter 318 of the Statutes of 2008) amended the Conversion Act to exempt TIDA from the requirement of forming a Project Area Committee (PAC) if TIDA consulted with the CAB and certain other conditions were met.¹⁸

The Conversion Act also amended Chapter 1333, Statutes of 1968 (Burton Act) by adding Section 2.1, which states that the Burton Act is not applicable to Treasure Island or any tidal and submerged lands on Yerba Buena Island. In amending the Burton Act, the Conversion Act transferred authority to administer and control Tidelands Trust property from the Port of San Francisco to TIDA.

The Conversion Act provides that existing buildings or structures that do not conform to the use restrictions of the Tidelands Trust may be used for non-Trust purposes for their remaining useful life. The Conversion Act limits the remaining useful life of such buildings to no less than twenty-five years and no more than forty years. The only requirements for such non-conforming uses under the Conversion Act are that the footprint or size of the shell of the non-conforming structures not be enlarged and that they be consistent with the 1996 Reuse Plan, which is described in more detail in Section F of this chapter.

3. Report to Board Requirements

This Report to Board is designed to comply with the CRL, pursuant to Sections 33352 and 33492.20, as follows:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing all of the following: (a)...(n) [Section 33352. See below for Section 33352 subsections (a) through (n).]

The report submitted by the agency to the legislative body pursuant to Section 33352, need not contain the items listed in subdivisions (h), (j), and (k) of Section 33352, as modified by subdivision (b) of this section. [Section 33492.20(d)]

Each of the relevant Report to Board requirements is presented below accompanied by a description of how this Report to Board is organized to meet these requirements. Excerpts from the CRL are italicized and referenced. As detailed below and in the following section, the legislature modified some CRL provisions to meet the unique circumstances and needs of decommissioned military bases.

¹⁸ According to CRL Section 33385, a PAC must be formed if either of the following occurs: 1) a substantial number of low or moderate-income people live in the area and the plan will permit the agency to acquire by condemnation property upon which any persons reside; or 2) the plan includes a project or projects that will displace a substantial number of low or moderate-income people. AB 1496 amended the Conversion Act to exempt TIDA from the requirements for a PAC as long as TIDA complies with certain alternative requirements. These requirements include: 1) continued consultation with the CAB on the adoption and implementation of the Redevelopment Plan; 2) the designation of not less than four slots on the CAB for current residents of the Islands, including slots designated for low and moderate-income residents; 3) prompt election of the resident member seats, following at least one public meeting and proper noticing (four resident members were elected to the CAB on December 16, 2008); and 4) including provisions in the Redevelopment Plan to ensure that low and moderate-income people lawfully occupying the existing housing on NSTI at the time the Redevelopment Plan for NSTI is adopted, and the existing housing is removed or demolished, will be offered new permanent housing adequate to accommodate the household to be constructed within the Project Area, at an affordable cost or affordable rent, as defined by the State Health and Safety Code. All of these conditions have been or will be met.

Reasons for Selection of the Project Area

The reasons for the selection of the project area. [Section 33352(a)]

The reasons for selecting the Project Area and the reasons for adopting a Redevelopment Plan are summarized in Section C.4 above.

Physical and Economic Conditions in the Project Area

A description of the physical and economic conditions specified in Section 33031 that exist in the area that cause the project area to be blighted. The description shall include a list of the physical and economic conditions described in Section 33031 that exist within the project area and a map showing where in the project the conditions exist. The description shall contain specific, quantifiable evidence that documents both of the following: (1) The physical and economic conditions specified in Section 33031. (2) That the described physical and economic conditions are so prevalent and substantial that, collectively, they seriously harm the entire project area. [Section 33352(b)]

Chapter II and Appendix D of this Report document the physical and economic blighting conditions in the Project Area.

Project Area Urbanization

"Project area" means ... a predominantly urbanized area of a community ... [Section 33320.1]

...the project area may include all, or any portion of, property within a military base...regardless of the percentage of urbanized land, as defined in Section 33320.1, within the military base. [Section 33492.3]

As discussed in Section E.1.a, since the Project Area is located on the site of a closed military base, this Report to Board is not required to contain a section on urbanization, and no such description is provided.

Proposed Projects and Blight Alleviation

A description of the specific project or projects then proposed by the agency, a description of how the project or projects to be pursued by the agency in the project area will improve or alleviate the conditions described in subdivision (b). [Section 33352(a)]

Chapter III of this Report to Board provides descriptions of the projects and activities proposed by TIDA as a means to alleviate adverse conditions within the Project Area, and provides preliminary cost estimates for these projects and activities. Chapter III also links proposed projects and activities with identified adverse conditions, and demonstrates how TIDA plans to use redevelopment to alleviate blighting conditions in the Project Area.

Proposed Method of Financing

An explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing. [Section 33352(d)]

The proposed method of financing the redevelopment of the project area in sufficient detail so that the legislative body may determine the economic feasibility of the plan.
[Section 33352(e)]

Chapter IV of this Report to Board describes the proposed methods for financing the Redevelopment Program. Estimated Redevelopment Program costs are presented along with available funding sources. The analysis demonstrates the economic feasibility of the Redevelopment Program and the reasons for including a provision for the division of taxes. Chapter IV also describes the Redevelopment Plan time and fiscal limits as required by Section 33492.13.

Implementation Plan

An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031.
[Section 33352(c)]

Chapter V refers to the FY 2010/11 through FY 2015/16 Five-Year Implementation Plan, included as Appendix J, which contains TIDA's Redevelopment Program goals, objectives and expenditures for the implementation plan period.

Method or Plan for Relocation

A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement. [Section 33352(f)]

Chapter VI sets forth TIDA's Method or Plan for Relocation.

Analysis of the Preliminary Plan

An analysis of the preliminary plan. [Section 33352(g)]

Chapter VII describes the analysis of the Preliminary Plan for the Project Area. Appendix L includes the Preliminary Plan.

Planning Commission Actions

The report and recommendations of the planning commission. [Section 33352(h)]

The report required by Section 65402 of the Government Code. [Section 33352(j)]

As discussed in Section E.2.a above, Section 33492.20(a)(1)(B) exempts plans adopted for closed military bases from the requirement of Section 33352(j). Chapter VIII discusses the requirements and actions of the Planning Commission.

Summary of Public Review of the Plan Adoption

The summary referred to in Section 33387. [Section 33352(i)]

A summary of the public review of the Redevelopment Plan is contained in Chapter IX. Appendix M contains notices of public hearings on the Redevelopment Plan and other community participation documents.

Environmental Review

The report required by Section 21151 of the Public Resources Code. [Section 33352(k)]

As discussed in Section E.2.a above, Section 33492.18 states that the Section 33352(k) requirement need not be included in the Report to Board. However, Section 33492.18 requires that the environmental review must be completed within 18 months of adoption of the Redevelopment Plan. The City and TIDA, as co-lead agencies, are in the process of preparing a project-level EIR for the proposed Redevelopment Plan and Development Program. The TIDA Board and the Planning Commission are anticipated to consider certification of the Final EIR in April 2011. Chapter X and Appendix N include a summary of the environmental review process, public comment and responses to comments.

Analysis of the Report of the County Fiscal Officer

The report of the county fiscal officer as required by Section 33328. [Section 33352(l)]

An analysis by the agency of the report submitted by the county as required by Section 33328... [Section 33352(n)]

Chapter XI describes the requirements related to the Report of the County Fiscal Officer, and Appendix I contains the Report of the County Fiscal Officer.

Summary of Consultations with Taxing Entities

...a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information if any, and, at the discretion of the agency, proposed or adopted mitigation measures. [Section 33352(n)]

A summary of consultations with affected taxing entities is contained in Chapter XII. Appendix O includes correspondence between TIDA and affected taxing entities concerning the adoption of the Redevelopment Plan.

Neighborhood Impact Report

If the project area contains low- or moderate-income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of project area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of

education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood. [Section 33352(m)]

Chapter XIII of this Report to Board contains the Neighborhood Impact Report. Appendix K includes the Replacement Housing Plan.

F. Summary of Public Process and Community Involvement

Many public actions have taken place since the reuse and redevelopment planning process for NSTI began in 1993. A full list of public actions is included in Appendix F. A summary of public review of the Redevelopment Plan is included in Chapter IX and Appendix M. The following is a brief history of the public planning process and community involvement to date, as well as future public actions and community involvement.

Actions to Date

In 1993, the Base Reuse Advisory Commission recommended the closure of NSTI, and the City formed the Office of Military Base Conversion (OMBC), a partnership of the San Francisco Planning Department (Planning Department), San Francisco Redevelopment Agency and Port of San Francisco, to direct the reuse planning process. The following year, the Mayor appointed a Citizen's Reuse Committee (CRC) representing a broad spectrum of community interests. The purpose of the CRC was to review the reuse planning efforts regarding NSTI and make recommendations to be considered by the City's Planning and Redevelopment Commissions and by the Board of Supervisors. The OMBC and CRC conducted public workshops and prepared a number of documents to assist in formulating a Reuse Plan for NSTI. All of these reports were made available to the public, and were mailed to over 2,400 community leaders, neighborhood organizations and citizens of San Francisco and the Bay Area.

This planning effort resulted in a Reuse Plan endorsed by the Mayor, the Board of Supervisors and the Planning Commission in 1996. The reuse planning process recommended that the City create a single-purpose entity to govern the redevelopment of NSTI. TIDA was established in 1997 to serve as that entity and manage future development of NSTI. The Reuse Plan set forth broad land use planning policies, goals and objectives for the redevelopment of Treasure Island and Yerba Buena Island. The 1996 Reuse Plan was the starting point in the planning process for NSTI, and subsequent planning efforts, specifically the Development Plan and Development Plan Update, have maintained its underlying policies, goals and objectives.

As part of the reuse planning process, the City elected to be governed by a process prescribed by the Assistance Act, which requires the LRA to propose a plan for the use of buildings, property and other resources on NSTI to assist homeless persons in the community. TIHDI is a collaborative of nonprofit organizations that was formed in June 1994 for the purpose of utilizing the structural and economic development resources of the base to fill gaps in the continuum of care for homeless individuals and families in the City.

In 1996, the City and TIHDI finalized the Base Closure Homeless Assistance Agreement and Option to Lease Real Property (the "TIHDI Agreement"). The United States Department of Housing and Urban Development (HUD) approved the TIHDI Agreement and determined that it

met the Base Closure Act requirements. As part of the Redevelopment Program, TIDA intends to enter into a successor agreement with TIHDI to implement the TIHDI Agreement.

In early 2000, TIDA initiated a master developer selection process, which culminated in the selection of TICD in 2003 as the prospective master developer for NSTI. Since that time, TIDA and TICD have collaborated on the redevelopment of Treasure Island via an Exclusive Negotiation Agreement (ENA). TIDA and TICD have also worked closely with TIHDI and its member organizations to develop a robust affordable housing, jobs and economic development program.

The CAB was formed in 2000 to gather public input and opinion from the diverse communities of San Francisco and provide additional expertise to TIDA as it directs the reuse and redevelopment planning for NSTI. Since that time, the CAB has met approximately once a month to review all aspects of the redevelopment planning process, including policies and objectives regarding interim reuses, the selection of the master developer, and various portions of the proposed project as it has evolved since 2003. The CAB was heavily involved in the process that ultimately led to the endorsement of the Development Plan and Development Plan Update. The CAB reviewed and commented on all aspects of the Development Plan and Development Plan Update and ultimately endorsed both. The CAB endorsement was crucial for the endorsement of the TIDA Board and the Board of Supervisors.

The CAB, TIDA Board and the Board of Supervisors endorsed the Development Plan in December 2006. Since that time, TIDA has continued to work with TICD to refine the Development Plan and negotiate the terms of the DDA that will allow development to proceed. TIDA has also been in ongoing negotiations with the Navy to finalize the terms of land conveyance, and has managed the continuation of the redevelopment planning process, as authorized and directed by the CRL.

In April of 2010, the CAB and the TIDA Board both endorsed the Development Plan Update, and in May 2010, the Board of Supervisors unanimously endorsed the Development Plan Update.¹⁹ These actions represent the culmination of years of concentrated effort by TICD, TIDA, the CAB, the Office of Economic and Workforce Development (OEWD), the Land Use Committee of the Board of Supervisors, several City agencies, and many interested members of the public.

In addition to the CAB review, public participation in the creation of the Development Plan has been extensive. Every individual element of the Development Plan, and the Development Plan Update, was vetted in multiple iterations through a number of public forums, including over 200 public workshops and numerous meetings of the TIDA Board and the Board of Supervisors. Plans for the redevelopment of NSTI are the product of one of the most extensive public review processes for a large development project in the City's history. TIDA published a Draft EIR, draft Redevelopment Plan and Preliminary Report on July 12, 2010 for public review. Refer to Appendix F for a list of public actions to date.

¹⁹ These documents are available for download at <http://www.sftreasureisland.org>.

Future Actions

The Development Plan is subject to further environmental review under CEQA. TIDA and the City (through the Planning Department) are currently preparing a Final EIR. The City will also be required to amend the San Francisco General Plan (General Plan), Planning Code and Zoning Map in order to conform to the Redevelopment Plan.

Pending completion of environmental review, TIDA and TIDC are currently negotiating a DDA and other transaction documents relating to the redevelopment of the former NSTI into a new mixed-use neighborhood in the City. TIDA and TIHDI are also currently negotiating a separate agreement by which TIHDI would participate in the redevelopment of NSTI via new supportive homeless housing and economic development opportunities. These two agreements and their related transaction documents would ultimately need to be approved by the TIDA Board and the Board of Supervisors in order to permit implementation of the Development Program. Final approval of the transaction documents is currently anticipated in Spring 2011, subject to completion of environmental review.

Public meetings and hearings during the redevelopment process have and will continue to foster public participation in the formulation and implementation of plans for NSTI. Public participation has and will continue to include public meetings and workshops with residents, the CAB, the TIDA Board, the Planning Commission, and the Board of Supervisors. The TIDA Board and the Planning Commission will hold a joint public hearing to provide the public the opportunity to comment on the proposed Redevelopment Plan prior to approval. In addition, the Board of Supervisors will hold a public hearing to solicit comment on the proposed Redevelopment Plan prior to adoption.

II. Existing Conditions

This chapter describes existing conditions in the proposed Project Area. It presents documentation, in accordance with the CRL, that adverse conditions (“blight”) exist throughout the proposed Project Area and that such conditions are substantial and prevalent. Collectively, the analyses, maps, graphs, tables, and other documentation contained in this chapter and referenced appendices provide substantial evidence for findings necessary for the proposed adoption of the Redevelopment Plan.

A. Introduction

The closure of NSTI in 1997 resulted in the loss of about 3,000 military and 750 civilian jobs and a significant decrease in residential population, and left behind an outdated and deteriorating military facility. Furthermore, NSTI is one of more than 40 California military bases placed on the closure list since 1988 and is one of several bases in the Bay Area that have recently closed.¹ Three of these bases—Hunters Point Naval Shipyard, the Presidio and NSTI—are located within City boundaries, and together these three base closures comprise about 2,400 acres (about five percent of the land area of the City). Closure of these bases resulted in the loss of jobs, which, during wartime peaks, were in excess of 20,000 for the military alone. The Redevelopment Plan and Development Program propose to convert a closed, blighted military base into a thriving mixed-use development that is connected to and complements the City and the larger community. Goals for the Project Area are further described in Chapter III of this Report to Board.

As described in this chapter, the adverse conditions on NSTI are so prevalent and substantial that they cause a lack of proper utilization of the area to an extent that constitutes a serious physical and economic burden on the community. Most of the existing buildings and improvements on NSTI are not suitable for long-term civilian reuse, hazardous materials must be removed, the existing utility infrastructure is deteriorated, entirely new utility and roadway systems need to be constructed, and extensive seismic and geotechnical improvements must be made to allow for development of NSTI. The high cost of alleviating these adverse conditions constrains the potential future development of the Project Area, necessitating a level of density that justifies private and public sector investment in infrastructure improvements. Furthermore, because these costs are so high, private enterprise and/or governmental action alone or together cannot be expected to reverse or alleviate these conditions without redevelopment.

As described in Chapter I of this report, in 2005, after nearly a decade of planning, TIDA entered into exclusive negotiations with TICD to redevelop the former NSTI into a new mixed-use neighborhood in the City. Since 2005, TIDA and TICD have negotiated to determine what could be developed, in light of the substantial costs or challenges of the project, which include:

¹ Decommissioned military bases in the Bay Area include: Hamilton Air Force Base, Naval Station Mare Island, Naval Air Station Alameda, the Naval Regional Medical Center, Hunters Point Naval Shipyard, Presidio San Francisco, Concord Naval Weapons Station, and Naval Station Treasure Island.

- Need for geotechnical stabilization of Treasure Island;
- Need for flood protection improvements for Treasure Island, with strategies to proactively address future potential sea level rise;
- Natural access constraints of the island location, and the need to provide substantial transportation improvements to serve any new development;
- Outdated infrastructure (including streets, dry utilities, wastewater, water, and storm water systems), further complicated by the challenges of providing utility service to an island;
- Development restrictions imposed by the Tidelands Trust, which limit development of a substantial portion of NSTI to uses promoting waterborne commerce and recreation, and generally prohibit residential and office development;
- Need to rehabilitate historic buildings;
- Requirements under federal base closure laws, the CRL and local policies to provide a substantial number of affordable housing units.

Over time, the proposed project has been altered in order to be financially feasible. The initial plan called for a project with 2,700 residential units, and was increased to 5,600 units, then 6,000, and then finally 8,000 units. The final Development Program being considered for the Project Area is described in more detail in Chapter III of this Report, and includes the following: new residential units, approximately 30 percent of which are expected to be affordable; new and adaptive reuse of commercial and retail space; new office space and hotel rooms; rehabilitation of historic buildings; new and/or upgraded public facilities and public utilities; new and/or upgraded parks and public open space; new and/or upgraded streets and public ways; new bicycle and pedestrian facilities; upgraded public transit service; landside improvements to the marina; and a new ferry quay and intermodal Transit Hub.

The ultimate mix of residential, commercial and recreational uses proposed reflects the costs and challenges involved in redeveloping NSTI. The delicate balance between project costs and revenues has been substantiated through third party analysis. NSTI has been appraised many times throughout the process, most recently by TIDA and the Navy as part of the conveyance negotiations. While initial appraisals by TIDA and the Navy had different values, no appraisal of the property has ever shown a positive value for a development project in the absence of public financing through redevelopment.

1. Chapter Organization

This chapter is organized into the following sections:

- A. Introduction
- B. Methodology
- C. Evidence of Blighting Conditions
- D. Summary of Blight Findings
- E. Burden on the Community and Necessity for Redevelopment

2. Relevant Provisions of the CRL

The proposed Redevelopment Plan would utilize special provisions in Chapter 4.5 of the CRL describing blighting conditions for redevelopment project areas established at former military bases. These special definitions recognize that project areas consisting of closed military bases present unique challenges that do not fit within traditional definitions of blight. These blight definitions are designed to address the conditions specific to closed military bases that limit the effective reuse of the base for civilian uses. They explicitly recognize that although the existing buildings and infrastructure may be appropriate for military uses, they are generally functionally obsolete for civilian use. Additionally, unlike the blight standards for other redevelopment project areas, the CRL provides that, within a closed military base, factors that prevent the highest and best use of the property can be considered blighting conditions.

Sections 33492.10 and 33492.11 of the CRL provide general guidance regarding the statutory requirements for a “blighted area” in a decommissioned military base. Section 33492.10 requires that findings of blight in the project area show evidence that the combination of two or more blighting factors is so substantial and prevalent that the resulting burden on the community cannot be alleviated without redevelopment, as follows:

For purposes of this chapter, a blighted area within the boundaries of a military base is an area in which the combination of two or more conditions set forth in Section 33492.11 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to an extent that constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment. [Section 33492.10(a)]

Section 33492.11 describes the adverse conditions that indicate the presence of blight. Table II-1 lists the CRL definitions of the adverse conditions that constitute a blighted area within the boundaries of a closed military base.

B. Methodology

This section describes the sources and methods for blight findings that were utilized for this Report to Board. Refer to Appendix B for a complete list of data and sources.

1. Sources for Blight Findings

In general, the technical blight analysis in this chapter is based on the following:

- Review and analysis of available technical reports and documentation provided by the Navy, the City, TIDA, TICD, and their consultants.
- Discussions with staff, counsel and consultants from TIDA, TICD, John Stewart Company, and the City.
- Field surveys and photographic documentation.

Table II-1
CRL Military Base Blight Definitions
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Blight Characteristic		Definition Under CRL Chapter 4.5, Section 33492.11(a) as Amended by AB 1290
(1)	Unsafe or Unhealthy Buildings	<i>Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate infrastructure, or other similar factors.</i>
(2)	Factors Inhibiting the Economically Viable Reuse or Capacity of Buildings or Areas	<i>Factors that prevent or substantially hinder the economically viable reuse or capacity of buildings or areas. This condition can be caused by conditions including, but not limited to, all of the following: a substandard design; buildings that are too large or too small, given present standards and market conditions; age, obsolescence, deterioration, dilapidation, or other physical conditions, that could prevent the highest and best uses of the property. This condition can also be caused by buildings that will have to be demolished, or buildings or areas that have a lack of adequate parking.</i>
(3)	Adjacent or Nearby Incompatible Uses that Prevent Economic Development	<i>Adjacent or nearby uses that are incompatible with each other and that prevent the economic development of those parcels or other portions of the project area.</i>
(4)	Buildings that Will Not Comply with Subdivision, Zoning, or Planning Regulations	<i>Buildings on land that, when subdivided, or when infrastructure is installed, will not comply with community subdivision, zoning, or planning regulations.</i>
(5)	Infrastructure that Does not Meet Current Standards	<i>Properties currently served by infrastructure that does not meet existing adopted utility or community infrastructure standards.</i>
(6)	Buildings that Do Not Conform to Effective Building Codes	<i>Buildings that, when built, did not conform to the then effective building, plumbing, mechanical, or electrical codes adopted by the community where the project area is located.</i>
(7)	Materials or Facilities that Must Be Removed to Allow Development	<i>Land that contains materials or facilities, including, but not limited to, materials for aircraft landing pads and runways, that will have to be removed to allow development.</i>

Source: California Community Redevelopment Law.

As part of the reuse planning process over the past 15 years, the Navy, TIDA, TICD, and the City have commissioned a number of studies to provide a comprehensive assessment of existing conditions at NSTI, including:

- 1995 Existing Conditions Report (ECR) prepared for the City
- 2003 Final Environmental Impact Statement (EIS) for the Disposal and Reuse of Naval Station Treasure Island prepared by the Navy
- 2004 Utility Vulnerability and Risk Assessment for Treasure Island and Yerba Buena Island (2004 Utility Assessment) prepared for the San Francisco Public Utilities Commission
- 2006 Finding of Suitability to Transfer for Property on Treasure Island (FOST) prepared for the Navy
- 2006 Finding of Suitability to Transfer for Property on Yerba Buena Island (FOST) prepared for the Navy
- 2006 Transfer and Reuse of Naval Station Treasure Island Final Environmental Impact Report (2006 EIR) prepared by TIDA and the City
- 2006 Treasure Island Building Conditions Report (TIDA Report) prepared by TIDA and the City
- 2006 Infrastructure Plan prepared by TICD as part of the 2006 Development Plan and Term Sheet, as updated in December 2008
- 2009 Treasure and Yerba Buena Islands Risk Assessment prepared for TIDA
- Draft Environmental Impact Report for the Treasure Island/Yerba Buena Island Redevelopment Project (Draft EIR) prepared by TIDA and the City, and published on July 12, 2010.
- Various studies prepared by TICD and their consultants for project planning purposes

The 1995 ECR provided a comprehensive assessment of building, infrastructure and geotechnical conditions at the time. The subsequent reports provide supplemental and updated information on the overall infrastructure and building conditions on the former NSTI. The evidence of blight presented in this chapter relies on these studies, which document the blighting conditions as defined in Section 33492.11. In addition to these studies, the project redevelopment consultant conducted field surveys in 2003 and 2009 to obtain photographic evidence of blighting conditions, as provided in Appendix D.

Table II-2 shows a matrix of the source documentation used and the types of blighting conditions each source describes. The following section describes the purpose of key sources. A complete list of sources is provided in Appendix B. Each of the documents listed in Appendix B or otherwise referred to in this Report is hereby incorporated into this Report by this reference.

Table II-2
Sources of Blight Documentation
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

	Factors Inhibiting Economically Viable Reuse	Infrastructure That Does Not Meet Current Standards	Unsafe or Unhealthy Buildings	Buildings That Will Not Comply With Subdivision, Zoning, or Planning Regulations	Materials or Facilities That Must Be Removed
Treasure Island Reuse Plan, Existing Conditions Report: Vol.2 Physical Characteristics, Building and Infrastructure Conditions, 1995.	■	■	■	■	
Final Environmental Impact Statement, 2003.	■	■	■		■
Utility Vulnerability and Risk Assessment for Treasure Island and Yerba Buena Island, 2004.					
Findings of Suitability to Transfer for Property on Treasure Island and Yerba Buena Island, 2006.	■				■
Disposal and Reuse of Naval Station Treasure Island Final Environmental Impact Report, 2006.	■	■		■	■
Treasure Island Building Conditions Report, 2006.	■		■	■	■
Treasure Island Infrastructure Plan, 2006;	■	■			■
Infrastructure Plan Update, 2008.	■				
Treasure and Yerba Buena Risk Assessment, 2009.	■	■	■		
Draft Environmental Impact Report, Treasure Island/Yerba Buena Island Redevelopment Project, July 2010.	■	■		■	■
Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island, 2006; Updated Development Plan and Term Sheet, April 2010.	■	■		■	■

Note: Refer to Appendix B for a more detailed list of the sources used to document blighting conditions.

1995 Existing Conditions Report

The 1995 ECR prepared for TIDA evaluated the condition of buildings and infrastructure systems for the NSTI reuse planning process, and involved professionals from various disciplines. Consultants reviewed existing documents and worked with both the City and the Navy to evaluate geologic conditions and hazards and the relative condition of buildings and infrastructure.

City staff selected 40 buildings for the purpose of evaluating building conditions on the Islands. The list was intended to be representative of all the buildings on the Islands, and to include buildings most likely to be reused and most likely to be of historic significance. The 40 buildings consisted of 32 non-residential buildings on Treasure Island, four residential buildings on Treasure Island (one building from each of the four residential blocks, representing the 1966, 1969, 1974, and 1989 construction periods), and two non-residential buildings and two residential buildings on Yerba Buena Island.² The selected non-residential buildings contain approximately 1.5 million square feet, about 65 percent of all non-residential building space on the Islands.

Since 1995, the City, TICD and the City's redevelopment consultant have conducted additional studies and surveys that provide supplemental and updated information on geotechnical, infrastructure and building conditions. The information in the 1995 ECR, however, is still the most comprehensive assessment of physical conditions of buildings on the Islands. Information from the updated documentation is used where appropriate.

2003 Environmental Impact Statement

The Navy prepared an EIS and assessment of environmental conditions on NSTI as part of the process to transfer the property to civilian use and meet its ongoing environmental remediation responsibilities under the National Environmental Policy Act (NEPA).

2006 Finding of Suitability to Transfer

In 2006, the Navy prepared two Finding of Suitability to Transfer (FOST) documents, one for Treasure Island and one for Yerba Buena Island. Each FOST identifies certain parcels that are available for transfer, and documents any remaining environmental conditions on those parcels.

2006 Final Environmental Impact Report

The City published a Final EIR in 2006 that analyzed the 1996 Reuse Plan at a programmatic level pursuant to CEQA requirements to evaluate and disclose potential environmental impacts that would be associated with implementing the 1996 Reuse Plan.

2006 Treasure Island Building Conditions Report

TIDA prepared a report in December 2006 to evaluate the conditions and reuse potential of 84 non-residential buildings on the Islands. The findings in the TIDA Report were based on the 1995 ECR, additional information from the Navy provided in 2005 and 2006, and on TIDA and City staff inspections of buildings between July 2004 and December 2006.

² Of the four selected buildings on Yerba Buena Island, the Torpedo Assembly Building (Building 262) is the only remaining structure that was surveyed and evaluated. The Fire Station (Building 213) was surveyed, but has since been demolished, and the two selected residential buildings were inaccessible due to occupancy and were not surveyed. Thus, a total of 37 surveyed buildings remain (four residential and 33 non-residential).

2006 Infrastructure Plan and Subsequent Updates

TICD prepared a comprehensive Infrastructure Plan in September 2006 to evaluate the existing infrastructure conditions and describe the proposed infrastructure improvements necessary to support the proposed Development Program. TICD has periodically updated this Infrastructure Plan to keep it current as more studies were completed. A major update was completed in December 2008, and other information has been updated since December 2008.

2009 Treasure and Yerba Buena Islands Risk Assessment

A comprehensive Risk Assessment report was prepared for TIDA and the City in January 2009 to evaluate hazards to buildings and infrastructure on the Islands. This report referenced and updated geotechnical and building conditions previously established in the 1995 ECR.

Draft Environmental Impact Report

A Draft EIR for the Treasure Island/Yerba Buena Island Redevelopment Project was published on July 12, 2010. The Draft EIR analyzes the potential environmental impacts associated with implementing the proposed Redevelopment Plan and Development Program.

2. Consultant Field Surveys

Staff from Seifel Consulting Inc. (Seifel) performed field surveys of existing conditions on the Islands in August 2003 and November 2009. The purpose of the 2003 survey was to document the adverse conditions described in the 1995 ECR. The purpose of the 2009 survey was to confirm that the conditions documented in 2003 were generally unchanged, and to document the condition of residential buildings excluded from the Project Area in 2003. Appendix D provides photographic documentation from these surveys.

C. Evidence of Blighting Conditions

The existing design and pattern of development of NSTI are suitable only for use as a military base, which is a fundamental condition that contributes to blight in the Project Area. The buildings and physical infrastructure on NSTI were designed to meet the special needs of the Navy using standards different from those required in civilian communities. Utilities were designed without considering multiple independent users, roadway access and circulation were not designed to civilian standards, and buildings were designed for military uses without regard for local codes and standards. Furthermore, most of the existing utility systems are deteriorated and need to be replaced, and many buildings are deteriorated and not suitable for long-term economically viable reuse. Hazardous materials contamination remains from former military activities on portions of the base, which must be remediated to allow for civilian reuse. Lastly, as a former military base with limited residential uses, the Project Area lacks the public transportation infrastructure necessary to attract the residents and businesses necessary for the economically viable reuse of NSTI.

In addition to the blighting conditions resulting from the use of the Islands as a military base and from the deteriorated condition of the infrastructure and many buildings, the Project Area is also vulnerable to seismic and geologic hazards, as Treasure Island and the causeway were constructed using unconsolidated fill materials that are subject to ground shaking and soil liquefaction during an earthquake. The fact that many buildings within the Project Area are more

than 50 years old and were not constructed in accordance with local codes and standards exacerbates the risk from these hazards. Portions of the Project Area are also vulnerable to flooding and the effects of potential sea level rise. Redevelopment of NSTI cannot occur without substantial efforts to improve and stabilize the seismic and geologic conditions in the Project Area, as well as improve the perimeter berm surrounding Treasure Island.

As further described in Section C.1.d, many of the buildings in the Project Area are not suitable for long-term economically viable reuse due to their advanced age, deteriorated condition, location within an area of seismic and flooding hazards, and their design for military uses. The utility and roadway infrastructure are not suitable for civilian reuse due to age, deteriorated condition and design for military uses. Thus, removal of these buildings and infrastructure is necessary to allow development. Hazardous materials will also need to be removed to allow for the uses proposed in the Development Program.

The existing residential buildings (approximately 150 buildings containing over 800 units) on Treasure Island are incompatible with the Tidelands Trust. Upon conveyance by the Navy, continued use of these buildings for residential purposes is permitted on an interim basis by the Conversion Act, after which the residential uses must cease. The incompatibility of existing uses with permitted Tidelands Trust uses creates a disincentive to the improvement or reuse of the existing buildings, or the development of new revenue producing uses.

This section analyzes existing blighting conditions in the proposed Project Area, and constitutes the description of blighting conditions required by the CRL. These conditions are further documented in Appendix D, Photographic Documentation, and in numerous technical reports prepared for TIDA, TICD and the City listed in Table II-2 and Appendix B. A map of blighting conditions is provided in the Summary of Blight Findings (Section D).

As previously noted, the CRL requires that the combination of at least two of the seven blighting factors listed in Section 33492.11(a) be so substantial and prevalent in the Project Area that it causes a reduction of, or lack of, proper utilization of the area to an extent that constitutes a serious physical and economic burden on the community and therefore justifies adopting the proposed Redevelopment Plan. This section demonstrates that the Project Area exhibits five of the seven blighting factors, and that the combination of these conditions is so substantial and prevalent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated without redevelopment. This section is organized according to these conditions, as follows:

- Factors inhibiting economically viable reuse or capacity of buildings or areas
- Infrastructure that does not meet current standards
- Unsafe or unhealthy buildings
- Buildings that will not comply with subdivision, zoning or planning regulations
- Materials or facilities that must be removed to allow development

Certain blighting conditions overlap with others. For example, seismic and geologic hazards inhibit the economically viable reuse or capacity of buildings and areas and also contribute to unsafe or unhealthy building conditions, and deteriorated street infrastructure that does not meet current standards overlaps with materials that must be removed to allow development.

After describing each specific blighting condition, this chapter then summarizes the blighting conditions and concludes with a discussion of the resulting physical and economic burden imposed on the community and the necessity for redevelopment.

1. Factors Inhibiting Economically Viable Reuse or Capacity of Buildings or Areas [§33492.11(a)(2)]

The proposed Project Area comprises a unique development site, and contains unique challenges that will require additional resources and funding mechanisms. The location and setting of the Islands provide opportunities for a number of uses; however, unlike ordinary infill development within the City, the Project Area requires a substantial amount of site preparation work and new infrastructure, including a disproportionately greater amount required before any significant revenue-generating development can occur.

Geotechnical conditions on Treasure Island will require substantial and costly seismic and geotechnical improvements of both interior and perimeter areas, including shoreline protection and improvements to the causeway connecting the Islands. Grading and flood protection measures to address existing conditions and proactively address future potential sea level rise are also required prior to commencing vertical development. Entirely new utility distribution systems will need to be constructed on the Islands, and a new street layout for Treasure Island is required. Hazardous materials will need to be remediated. Historic buildings will remain on the Islands, but will need to be rehabilitated to allow for their long-term reuse. Lastly, as discussed throughout this section, most of the buildings on the Islands are not suitable for long-term civilian reuse and will need to be removed. The combination of these factors and the high upfront costs of the necessary improvements and activities to address these factors severely inhibit the economically viable reuse of NSTI and prevent the highest and best use of the property.

This section is organized as follows:

- Section C.1.a discusses seismic and geologic hazards that inhibit the economically viable reuse of NSTI.
- Section C.1.b discusses the potential for flooding, both under current conditions and with potential future sea level rise, which, unless addressed, would inhibit the economically viable reuse of NSTI.
- Section C.1.c discusses inadequate and deteriorated infrastructure that must be replaced to support development, which inhibits the economically viable reuse of NSTI.
- Section C.1.d discusses the presence of buildings not suitable for long-term economically viable reuse.
- Section C.1.e describes building demolition and deconstruction that must occur in order for NSTI to be developed at its highest and best use.
- Section C.1.f describes hazardous materials contamination that inhibits the economically viable reuse of NSTI.

a. Seismic and Geologic Hazards

The Project Area lies within a region of California that contains many active and potentially active faults, and is considered an area of high seismic activity.³ According to the U.S. Geological Survey, the probability of at least one major 6.7 magnitude or greater earthquake capable of causing widespread damage striking somewhere in the San Francisco Bay Area before 2037 is 63 percent.⁴ Possible consequences of an earthquake of this magnitude include moderate to heavy damage in areas that lie on unconsolidated soils near the active fault.⁵ Figure II-1 shows the faults located near the Project Area, and indicates earthquake probabilities along those faults.

Treasure Island itself and the causeway that connects it to Yerba Buena Island are constructed lands using non-engineered, unconsolidated fill. The fill was placed over a shoal and a layer of weak, compressible Young Bay Mud held in place by a series of rock berms constructed around the perimeter of the island.⁶ A major earthquake could result in substantial damage to Treasure Island and the causeway due to ground liquefaction, differential settlement, perimeter berm failure, and lateral spreading. The substantial cost of reinforcement of the perimeter berm and other necessary geotechnical improvements seriously inhibits the economically viable reuse of NSTI and prevents its highest and best use.

Geological concerns at Yerba Buena Island are associated with the stability of existing slopes and the presence of fill. A major earthquake is expected to cause moderate to very strong ground shaking on Yerba Buena Island. Some sloped areas are subject to landslides and some fill areas could experience differential settlement during an earthquake. While the affected area is smaller than on Treasure Island, seismic hazards exist for structures in these zones as well.⁷

ENGEO Incorporated (ENGEO) prepared a geotechnical report describing conditions associated with reuse of the Islands.⁸ The three main geotechnical issues that influence the redevelopment of Treasure Island are: (1) the potential for liquefaction and settlement of the fill and shoal sands in earthquakes; (2) the potential for consolidation settlement of the underlying Young Bay Mud under the weight of new and/or existing fill and buildings; and (3) the seismic stability of the perimeter berm and the causeway.⁹ These concerns were also noted in the 2009 Risk Assessment prepared for TIDA, which states that damage would result from expected violent ground shaking on the island and along the causeway due to the fact that the island is constructed of fill that would amplify the ground motions at some frequencies.¹⁰

³ Draft EIR, Section IV.N.

⁴ United States Geological Survey, "Forecasting California's Earthquakes – What Can We Expect in the Next 30 Years," (Accessed via website - <http://pubs.usgs.gov/fs/2008/3027>).

⁵ United States Geological Survey, Working Group on California Earthquakes, 2003 Earthquake Probability Study, April 2003.

⁶ Young Bay Mud consists of naturally deposited and submerged sand and clay sediments.

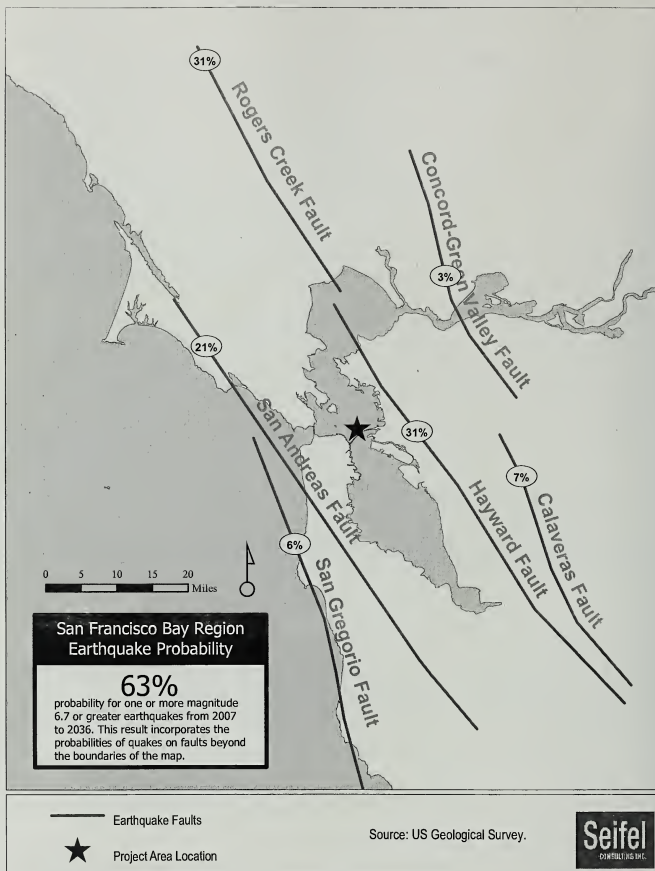
⁷ Draft EIR, Section IV.N.

⁸ ENGEO Geotechnical Conceptual Design Report, February 2009 (ENGEO Report). The ENGEO Report used some information provided by Treadwell & Rollo for the 1995 ECR, Building and Infrastructure Conditions.

⁹ ENGEO Report, p. 11.

¹⁰ 2009 Treasure and Yerba Buena Risk Assessment, p. 3-4.

Figure II-1
 Earthquake Faults – San Francisco Bay Region
 Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Significant new development of buildings or infrastructure cannot occur in the Project Area in its current condition due to the geologic and seismic hazards on the Islands. These adverse conditions must be remediated prior to development to allow for reuse of NSTI. Figure II-2 shows the program of geotechnical improvements proposed by ENGEO, which is designed to address the seismic and geologic hazards discussed in this section and the flooding hazards discussed in Section C.1.b below. TICD estimates the cost of grading, site preparation and geotechnical improvements proposed to address these hazards is approximately \$200 million in constant FY 2010/11 dollars. Refer to Chapter III for a discussion of the costs associated with these necessary grading, geotechnical and site preparation improvements.

Liquefaction and Earthquake-Induced Settlement

Liquefaction occurs when loose to medium-dense, water-saturated soil experiences a temporary reduction in strength during ground shaking such as that produced by an earthquake. Based on the underlying materials and shallow depth of groundwater, all of Treasure Island and a shoreline portion of the eastern side of Yerba Buena Island are considered at risk for liquefaction.¹¹

Liquefaction and associated failures could damage foundations, roads and underground cables and pipelines, and could disrupt utility service.¹² Improvement of these hazardous conditions is therefore necessary for development to occur, and for the economically viable reuse of NSTI.

As further described in the Draft EIR, settlement of the ground surface can be accelerated and accentuated by earthquakes. During an earthquake, settlement can occur as a result of the relatively rapid compaction and settling of subsurface materials (particularly loose, uncompacted and sandy sediments above the water table) due to the rearrangement of soil particles during prolonged ground shaking. Settlement can occur both uniformly and differentially (i.e., where adjoining areas settle at different amounts). Areas underlain by imported fill would be susceptible to this type of settlement. Given the geologic setting, portions of the Project Area, especially Treasure Island, could be subjected to earthquake-induced settlement unless geotechnical stabilization measures are implemented.¹³

The Development Program proposes densification of the Development Plan Area to improve the existing sand fill and serve as a long-term stable platform for buildings, roads and utilities. This program of seismic strengthening and soil compaction is necessary to minimize the expected differential settlement and reduce the expected damage to buildings, roads and utilities after an earthquake.¹⁴ These improvements are necessary to allow for the civilian reuse of NSTI at its highest and best use.

¹¹ Draft EIR, Section IV.N.

¹² Draft EIR, Section IV.N.

¹³ Draft EIR, Section IV.N.

¹⁴ Draft EIR, Section IV.N.

Figure II-2
Proposed Geotechnical Improvements
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Consolidation Settlement

Consolidation settlement occurs when a fine-grained soil (silt or clay), such as Young Bay Mud found in the Bay, is loaded by new fill or by the weight of other improvements. New loads result in increases in soil pore water pressure. As the excess pore pressures dissipate, the soil volume decreases as water is slowly expelled. Most of the Young Bay Mud underlying Treasure Island is normally consolidated under the load of the existing fill and buildings, meaning that, in the absence of redevelopment, consolidation settlement would not be an imminent threat. However, any development that would add new weight to the soil—for example, placement of new fill to raise grades to address potential flooding and sea level rise, or construction of new buildings that are taller and heavier than existing buildings—is likely to trigger a new round of consolidation settlements.¹⁵

Additional fill and new buildings are essential to allow for development of NSTI at its highest and best use, and treatments designed to account for consolidation settlement make development much more expensive.¹⁶ Furthermore, if not engineered appropriately, new development could be subject to significant damage to foundations as well as damage to utilities where they connect to structures.¹⁷

Seismic Stability of Perimeter Berm and Causeway

The existing perimeter protection around Treasure Island consists of rock berms that surround the majority of the island. Evaluation of localized shoreline slope deformation and deep-seated failure mechanisms to date has been based on generalized cross-sections through the perimeter berm and the causeway.¹⁸ Liquefaction of sand fill in moderate to large earthquakes may cause the existing perimeter berm to deform under the increased lateral pressure imposed by the liquefied fill. This could result in lateral spreading around the perimeter of the island.¹⁹ Lateral spreading could involve vertical and lateral ground deformation resulting in settlement and cracking similar to that experienced in the Loma Prieta Earthquake.

Additionally, the perimeter of the island and the causeway may be subject to cumulative damage due to slumping and erosion under the combined effects of storms and earthquakes, and, as discussed in the next section, failure of the perimeter berm could result in increased flooding of areas near the shoreline. In order for NSTI to be developed, the proposed Development Program includes improvements to the perimeter berm. The substantial costs of these necessary improvements inhibit the economically viable reuse of NSTI by increasing overall development costs without increasing potential revenues.

¹⁵ ENGEO Report, p.11.

¹⁶ Consolidation settlements are commonly addressed prior to development by placement of temporary loads or “surcharging areas” prior to development. The Development Program includes the use of surcharging to limit future damage to buildings and infrastructure from consolidation settlement, ENGEO Report, p.12.

¹⁷ ENGEO Report, p.12.

¹⁸ ENGEO Report, p. 14-15.

¹⁹ Lateral spreading occurs when soil liquefies at depth and the soil layers above move down slope or toward an unsupported face, such as a shoreline slope.

b. Flood Hazards

As described in the Draft EIR, several factors potentially affect flooding conditions in the Project Area.²⁰ These include potential for flooding associated with storm water that is incidental to the Islands; flooding of low-lying areas associated with normal tidal action, waves originating inside and outside of San Francisco Bay and tsunami; and potential sea level rise. The costs to address flooding hazards in the Project Area impose a substantial burden on TIDA or a developer desiring to redevelop NSTI, particularly when taking into account the limited development area available due to the restrictions imposed by the Tidclands Trust. The order of magnitude of these costs would be prohibitive for any private developer to undertake without redevelopment assistance, and limits the economically viable reuse of NSTI. Chapter III discusses the costs associated with remediating the flood hazards discussed below.

The shoreline of the Project Area is exposed to wind-generated waves, swells, ship-wake waves, and tsunami. The magnitude of ocean-derived swells and tsunami are substantially dampened as they pass through the Golden Gate, and as a result, the effects of swells and tsunami on the Islands are anticipated to be lower than areas outside of the Bay, along the coast. In order to characterize the potential effects of tide, tsunami, and wind-generated waves on the Project Area, a coastal flooding study was completed.²¹ The 100-year return period water level, including tide and tsunami, would result in a run-up of 9.2 feet North American Vertical Datum of 1988 (NAVD 88). Maximum wind-generated wave run-up elevations, for a 100-year event, would range from 10 to 16.3 feet NAVD 88, with higher run-up values located along the northern portion of Treasure Island, and the lowest values along the eastern flank of the island.

Treasure Island was constructed by building a containment dike and backfilling with sand. The present shoreline is protected by a berm that surrounds the entire island. The interior areas of Treasure Island are sufficiently elevated to provide protection from flooding associated with normal tidal action from the Bay. During storm events, however, the combined action of tides and waves results in inundation along shoreline areas, as well as flooding in the northwest and southwest portions of the island, because the perimeter berm has settled over time.

Most portions of Yerba Buena Island are characterized as having relatively high topographic relief, and are not subject to inundation by Bay waters. Tidal flooding on Yerba Buena Island is limited to that island's beaches and other non-developed, low-lying areas that are located immediately adjacent to the Bay shoreline.

100-Year Floodplain

Flooding in low-lying parts of Treasure Island due to tides, storms, tsunami, waves on the shoreline, and long-term trends in sea level rise is considered to be a potential hazard. The 100-year flood is the flood with a 1.0 percent probability of occurring in a given year. The Federal Emergency Management Agency (FEMA) issues 100-year floodplain maps, which are an integral part of an insurance and regulatory structure. FEMA manages the National Flood Insurance Program (NFIP). Under the NFIP, the Federal government provides financial backing for affordable flood insurance in exchange for the local government adopting and enforcing

²⁰ Draft EIR, Section IV.O.

²¹ 2009 Coastal Flooding Study, prepared by Moffat & Nichol.

floodplain management regulations. In addition to insurance purposes, the FEMA 100-year floodplain maps are widely used to assess flood risk.

FEMA prepared preliminary Flood Insurance Rate Maps (FIRMs) for the City, including the Project Area, in September 2007. The City does not yet participate in the NFIP, but over the last several years has been undertaking a course of action to do so, including submitting an application to FEMA to join the NFIP in the fall of 2008. Because the City has not completed the process for joining the NFIP, the City prepared interim floodplain maps in 2008. Assuming the City joins the NFIP, FEMA will issue final FIRMs.

The 2007 Preliminary FIRM tentatively identified areas on Treasure Island within the proposed 100-year floodplain (Zone A). As shown on Figure II-3 a portion of Treasure Island, in particular an area at the northwest of the island containing many residential buildings, as well as a smaller area along the southeastern edge of the island, is potentially subject to 100-year flooding. Additionally, the entire perimeter of both Islands is subject to flooding hazards resulting from wave action (Zone V), and several segments of the shoreline are susceptible to wave overtopping due to settlement of the perimeter protection. Yerba Buena Island is not within the proposed 100-year FEMA flood hazard zone.

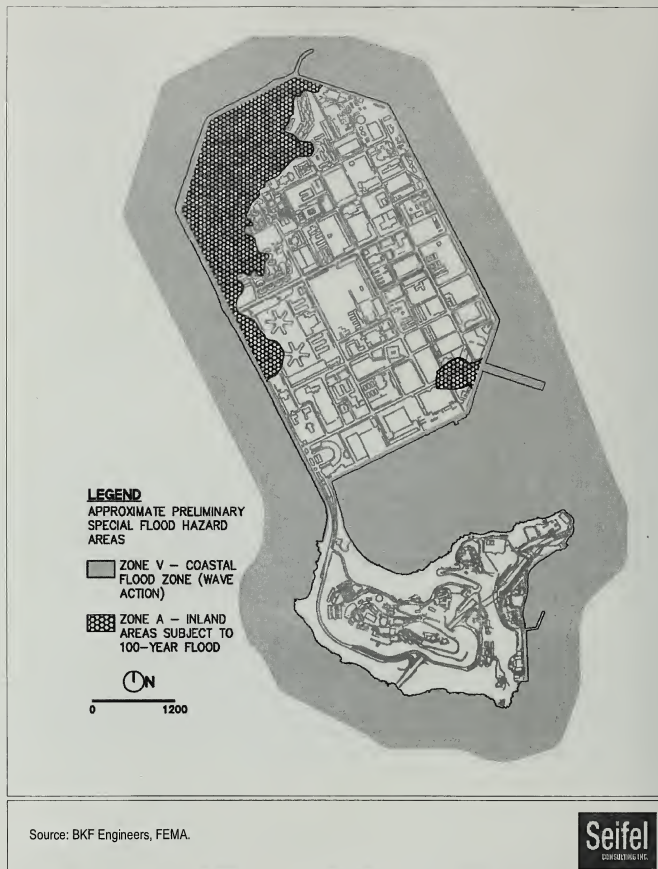
Because portions of Treasure Island are anticipated to be included within the coastal flood zone in the final FIRM, no additional development could be undertaken in these areas without either purchasing flood insurance (which is often not financeable) or providing flood protection by raising grades or building a levee. Thus, the flood hazards on Treasure Island significantly limit the potential for viable economic reuse of NSTI.

Sea Level Rise

In addition to the immediate flood risks, the Project Area could also be affected by future potential sea level rise. The 2009 Coastal Flooding Study indicates that credible projections for future potential sea level rise vary substantially. Low, medium and high rates of potential sea level rise were identified, ranging from three inches by 2050 and 12 inches by 2100, to 16 inches by 2050 and 55 inches by 2100. Because the Project Area encompasses many low-lying areas, in particular all of Treasure Island and some low-lying areas along the western flank of Yerba Buena Island, a substantial portion of the Project Area, at current elevations and without future improvements, could potentially be at risk of inundation due to future potential sea level rise. This risk inhibits private investment in the Project Area, and limits the economically viable reuse of NSTI.

The Development Program proposes to address both the short-term flood risks and the long-term potential for sea level rise by raising grades on Treasure Island, including both the height of the perimeter berm and the finish grade elevation of Treasure Island. The higher grades would result in all developed areas being excluded from any FEMA-mapped flood hazard zone, plus provide an allowance for potential future sea level rise. The cost of raising the grades on Treasure Island to address these hazards is included in the \$200 million figure for grading, site preparation and geotechnical improvements discussed in Section C.1.a above.

Figure II-3
FEMA Flood Hazard Zones
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Source: BKF Engineers, FEMA.

c. Inadequate and Deteriorated Infrastructure

Existing utility systems and roadway infrastructure are deteriorated, unsafe, expensive to maintain, and inadequate to support future development and reuse of NSTI. Infrastructure upgrades and replacement of entire utility systems must therefore occur in order to accommodate reuse, and the cost to upgrade these infrastructure systems is substantial. Necessary infrastructure improvements include upgrades to all wet and dry utility systems (e.g., potable, waste and storm water systems; wastewater recycling system; electricity and natural gas distribution systems), new fire fighting water system, and a new street layout for Treasure Island as well as upgraded and replaced roadway infrastructure on both Islands. Public transit infrastructure is limited, and must be improved and expanded in order to support viable economic reuse of the military base.

Refer to Section C.2 below for additional discussion of inadequate and substandard infrastructure on the Islands. The estimated cost of these infrastructure improvements is approximately \$207 million in constant FY 2010/11 dollars. Refer to Chapter III for a discussion of the costs associated with the upgrade and improvement of the infrastructure systems. These substantial costs would burden any proposed development such that development would be infeasible without redevelopment assistance. The infrastructure improvement costs, together with the other conditions in the Project Area that must be corrected and the geophysical and other development constraints, seriously hinder the economically viable reuse of the military base and prevent the highest and best use of NSTI.

d. Buildings Not Suitable For Economically Viable Reuse

Many buildings on the Islands are old, deteriorated and functionally obsolete. These buildings are not suitable for economically viable long-term reuse, and must be removed to allow for the highest and best use of NSTI. In many cases, the cost of a total building upgrade would exceed the replacement value of the structures and would require a large initial capital investment. Several historic buildings will remain. In the case of the historic structures, substantial capital investment is required to rehabilitate these buildings to an adequate condition for long-term productive reuse.

Building Age

A relatively large number of non-residential buildings show the effects of aging and uncorrected physical deficiencies. Of the 33 remaining non-residential buildings surveyed for the 1995 ECR, 15 buildings (45 percent) were constructed prior to 1946, with the remainder built between 1946 and 1991, as shown in Table II-3. These older non-residential buildings generally lack the conveniences and amenities necessary for productive long-term reuse.

Table II-3
Age of Non-Residential Buildings with Reuse Potential Surveyed in 1995
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Year Built	Number of Buildings	Percent	Square Feet	Percent
pre-1940	4	12%	375,020	25%
1940-1945	11	33%	314,481	21%
1946-1965	6	18%	373,286	25%
1966-present	12	36%	446,533	30%
Total	33	100%	1,509,320	100%

Source: Reuse Plan Existing Conditions Report Vol. 2, Building Condition: Architecture, 1995.

Dilapidation and Deterioration

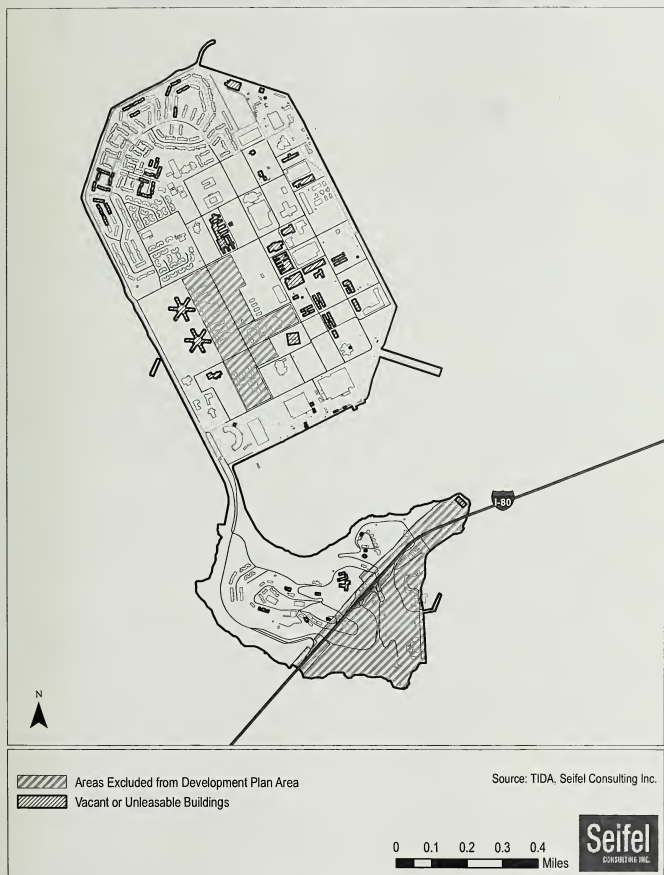
Dilapidation and deterioration of many of the buildings in the Project Area inhibit their long-term economically viable reuse. Furthermore, more than 80 buildings in the Project Area (30 percent) have been deemed blighted by TIDA or have never been leased due to their deteriorated condition.²² These buildings have remained vacant since the closure of NSTI in 1997, and have not been maintained. Seifel performed a field survey in 2003 to document the deteriorated building and infrastructure conditions in the Project Area. Seifel performed another field survey in 2009 to confirm that the conditions documented in 2003 were generally similar to current conditions, and to further document building conditions. These documented conditions include deteriorated roofs, eaves and windows; fire damage; substantial dry rot; and substantial peeling paint. Photographs of these conditions are included in Appendix D. The location of these vacant or unleaseable buildings is shown on Figure II-4.

All of the unoccupied non-residential buildings in the Project Area noted above would require substantial rehabilitation to meet current City building and safety codes, and would require substantial upgrades and modernization to be viable for long-term use. As discussed in Section C.2, the 1995 ECR indicated that many buildings on the Islands were in such poor structural condition that upgrading the building structurally would be more costly than demolishing and replacing the building.²³

²² Treasure Island and Yerba Buena Island property inventory provided by TIDA.

²³ These cost estimates were prepared in 1995, and while the numbers are outdated due to inflation and to the increasing costs of both rehabilitation and new construction today, the underlying problem of the high cost of restoration and retrofitting of existing buildings remains. Todd Associates prepared an order of magnitude cost analysis for the 1995 ECR for comparative purposes, not as a construction estimate or planning budget. The costs are order of magnitude estimates and do not include indirect costs such as engineering fees and construction management costs, or soft costs such as legal fees.

Figure II-4
 Vacant or Unleasable Buildings
 Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



As part of a separate analysis, TIDA staff evaluated the condition of 84 non-residential buildings on Treasure Island between 2004 and 2006 for the 2006 TIDA Report, in order to assess reuse potential for selected non-residential buildings. This assessment included many of the buildings surveyed for the 1995 ECR. As shown in Table II-4 below, the 2006 TIDA Report found 35 buildings (41 percent) to be in hazardous or poor condition.

Table II-4
Evaluation of Non-Residential Building Conditions in 2004-2006
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Condition	Number of Buildings	Percent of Total	Square Feet	Percent of Total
Hazard	28	33%	854,998	36%
Poor	7	8%	358,991	15%
Fair	5	6%	188,497	8%
Good	44	52%	974,297	41%
Total	84	100%	2,376,783	100%

Source: Treasure Island Building Conditions Report, 2006.

The 2006 TIDA Report concluded that 48 of the 84 buildings (57 percent) have no long-term reuse potential, due in part to factors such as structural deterioration, leaky roofs, no elevators, lack of heat and/or insulation, and lack of bathrooms compliant with the Americans with Disabilities Act (ADA).²⁴ Furthermore, all of the buildings that may be suitable for long-term economically viable reuse need some level of rehabilitation.²⁵ The combination of the condition of these buildings, their age, the building code deficiencies described below, and the building system deficiencies described in Section C.2.a inhibits their economically viable reuse.

Building Code Deficiencies

Many non-residential structures in the Project Area do not meet current State of California Building Standards Code (CBC), City Building Code, City Fire Safety Code, or federal ADA requirements. These code deficiencies result from both the age of the buildings (most buildings were constructed during World War II) and the fact that the Navy did not build structures on NSTI that conformed to local and state codes.

In addition, most buildings do not comply with the ADA in terms of accessibility, with the exception of twelve newer buildings built since 1964 and the occupied non-residential structures that have received building upgrades. Building interiors are also generally substandard in many of the unoccupied non-residential buildings, and would require costly upgrades to support a change in occupancy or use. For example, the 1995 ECR found architectural deficiencies in the 33 surveyed buildings, including: lack of access for the disabled into and throughout the buildings; very few buildings serviced by elevators; doors that do not have the required width, clearances or hardware; non ADA-compliant restrooms; and inadequate circulation and interior configuration. Many buildings have undergone extensive remodeling over the years, but the

²⁴ ADA compliance is mandated and regulated through Title 24 of the California Building Standards Code.

²⁵ TIDA Building Conditions Report, December 2006, p. 15-21. Since 2006, rehabilitation activities and building upgrades have been performed by TIDA to allow for storage or other temporary uses in some buildings.

configuration of spaces is often inconsistent with contemporary market demands. For example, the Administration Building circulation requires navigation through narrow corridors and around columns.²⁶

While the nature and extent of deficiencies vary from building to building, in general these deficiencies inhibit economically viable long-term reuse since these buildings would likely be required to meet current building codes depending on the desired end use. Moreover, most of the non-industrial workplace environments are outdated and substandard in the current market and would require significant tenant improvements to create desirable commercial spaces.

The combination of age, obsolescence, deteriorated condition, building code deficiencies, and the need for rehabilitation and upgrades renders many of the non-residential buildings in the Project Area unsuitable for long-term economically viable reuse. Thus, these buildings prevent the highest and best use of the property and must be removed to allow for economically viable reuse of the military base.

Historic Buildings that Need Rehabilitation

The Project Area has a number of historic buildings related to the Golden Gate International Exposition and the military occupation of the Islands. Historic buildings can contribute greatly to the appeal of San Francisco and the Project Area, and, in recognition of the importance of these buildings, the original 1996 Reuse Plan and the Development Plan both include the conservation and rehabilitation of historically significant buildings.

Rehabilitation of historic buildings in a manner that respects their historic or architectural importance in compliance with historic preservation requirements generally results in some limitations on renovations as well as substantial added costs that may not be encountered with similar non-historic rehabilitation projects. For example, preserving historic material (such as windows and doors) will result in additional costs. The requirement to preserve certain spatial characteristics—which restrict access, circulation and the way the space can be divided and reconfigured—limits potential uses for the buildings. In addition, these buildings will be subject to the Tidelands Trust, which imposes additional use restrictions. The additional costs associated with rehabilitation of historic structures, and the limitations on uses and configuration of interior spaces, are factors that substantially hinder the economically viable reuse of these buildings.

Three buildings on Treasure Island (Buildings 1, 2 and 3) remain from the 1939-40 Exposition, when Treasure Island was planned for airport use, and were individually listed on the National Register of Historic Places (NRHP). All of these buildings require rehabilitation and improvements to support their long-term economically viable reuse.

- Building 1 (Administration Building) is generally in good condition, but has a leaky roof and requires seismic retrofit improvements, installation of an elevator and ADA-compliant bathrooms, and heating, ventilation and air conditioning (HVAC) improvements in order to support the long-term reuse of the building.²⁷

²⁶ 1995 ECR, Building Condition: Architectural.

²⁷ 2006 TIDA Report, p. 25.

- Building 2 (Hangar 2) is in relatively good condition, but requires seismic retrofit improvements, ADA upgrades, and plumbing and HVAC improvements in order to support the long-term reuse of the building.
- Building 3 (Hangar 3) is in poor condition, with a leaky roof, cracked concrete floor, no heat, no insulation, and no ADA-compliant bathrooms. This building requires seismic retrofit improvements, ADA upgrades, and plumbing and HVAC improvements in order to support its long-term reuse.²⁸ Building 111, which is attached to Building 3, is in extremely poor condition and will be demolished as part of the Development Program.

Building 2 and Building 3 are built on wood piling foundations, and seismic retrofit of these two buildings is projected to be very costly due to the materials, type of construction, and engineering design needed to address seismic performance. The building materials, engineering design and semicircular configuration of Building 1 indicate potential for similar seismic deficiencies.²⁹

Three buildings on Yerba Buena Island within the Project Area are individually listed on the NRHP (Quarters 1, Quarters 10/Building 267 and Building 262). In addition, the NRHP includes the SOQHD (Quarters 1 through 7; Buildings 83, 205, and 230; and certain landscape features). All of these buildings require rehabilitation and improvements to support their long-term economically viable reuse.

- Building 262 (Torpedo Assembly Building) is in poor condition, and major rehabilitation would be required to meet ADA access requirements and building code requirements for egress.³⁰ The mechanical systems have poor capacity and the steam heating systems are in substandard condition. Due to their age and overall condition, the mechanical systems need to be demolished and replaced.³¹ The building is currently boarded up and vacant, and was most recently used for storage.
- Quarters 10/Building 267 on Yerba Buena Island are also listed on the NRHP, and need rehabilitation for productive reuse.
- All of the buildings in the SOQHD are in need of substantial renovation and rehabilitation in order to return to productive reuse.

Deteriorated building conditions in the SOQHD were documented in the 2009 Seifel Survey, with photographs included in Appendix D. All rehabilitation and improvements to these structures would have to comply with the Secretary of the Interior's Standards for Rehabilitation. The additional cost associated with rehabilitation of the historic structures on Yerba Buena Island substantially hinders the economically viable reuse of these historic buildings.

e. Building Demolition and Deconstruction

As discussed previously in this section, most of the existing buildings on the Islands are not suitable for long-term economically viable reuse. Furthermore, approximately 30 percent of the buildings have remained unused since the closure of NSTI. Most of the non-residential buildings that can be leased have a limited remaining useful life, and many require substantial renovation

²⁸ 2006 TIDA Report, p. 34.

²⁹ 1995 ECR; Alternatives Report, p. 5; Building Condition: Structural, p. 3.

³⁰ 1995 ECR, Building Condition: Architecture, p. 6.

³¹ 1995 ECR, Building Condition: Mechanical, p. 4.

for long-term productive reuse. Although upgrades and repairs have been made to the residential buildings since 1995, these structures were not originally constructed to meet existing City codes and thus are not suitable for long-term productive reuse. Furthermore, as discussed in Section C.4, the existing residential and many of the existing non-residential buildings are incompatible with the use restrictions imposed by the Tidelands Trust. These buildings will thus need to be removed to develop NSTI at its highest and best use.

The Development Plan anticipates that nearly all buildings within the Development Plan Area will be demolished over time, except Buildings 1, 2, 3, and 187 (Chapel) on Treasure Island, and the SOQHD buildings, Quarters 10 and Building 267, and Building 262 on Yerba Buena Island.³² TIDC estimates the cost of building demolition and deconstruction activities at \$25 million in constant FY 2010/11 dollars, not including the cost of hazardous waste disposal associated with these activities. These costs represent significant development costs that typically do not exist at competitive in-fill development sites, and thus limit the economically viable reuse of NSTI.

f. Hazardous Materials Contamination

As described in the Draft EIR, while NSTI was an open military base, Navy facilities and activities included training facilities, administrative offices, general engineering support, mission operations, personnel support, medical and dental services, maintenance activities, utility infrastructure, and supply operations.³³ Navy activities on NSTI over the years have resulted in substantial hazardous materials contamination.

NSTI was selected for closure under the BRAC program in 1993, and was subsequently decommissioned in 1997 following a base wide environmental baseline survey (EBS) completed in 1994, which was required as part of the BRAC program. The EBS is a broad evaluation of all known and suspected hazardous materials that were handled, stored or potentially released into the environment from base operations. The results of the EBS confirmed that portions of the Project Area contain soil and groundwater that have been impacted by hazardous materials.

The Navy has continued to do investigative work since the EBS. Through its work, the Navy has identified the chemicals of potential concern for NSTI, which include petroleum hydrocarbons, volatile organic compounds, semi-volatile organic compounds, poly-aromatic hydrocarbons, dioxins, pesticides, herbicides, PCBs, heavy metals (primarily lead), asbestos, and low-level radiological material.

The Navy has identified several hazardous waste sites as part of the Installation Restoration (IR) Program administered by the Department of Defense (DOD). The IR Program is designed to identify, evaluate, and remediate contaminated sites on federal lands under DOD control. Depending upon the circumstances, military IR sites are identified, investigated, and cleaned up in accordance with the Resource Conservation and Recovery Act (RCRA), the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) or in accordance with an

³² One design alternative, Alternative 2B, being studied as part of the Ramps Project, would require that Quarters 10 and Building 267 be either demolished or relocated. If this alternative is selected and implemented, the separate Ramps Project would be responsible for any such demolition or relocation and any structural work associated with that relocation. The Development Program proposes to rehabilitate the buildings, either in their current location or, if they are relocated, after that relocation occurs.

³³ The following text describing hazardous materials is from the Draft EIR, Section IV.P.

integrated approach based on both laws. For NSTI, the IR Program implemented at the former base consists of the CERCLA and Petroleum Programs. The vast majority of the remedial activities conducted by the Navy fall within the IR Program. Additional hazardous materials cleanup programs related to inactive fuel pipelines, radiological contamination and hazardous building materials are discussed below.

According to DOD guidelines, the Navy is responsible for the characterization and remediation of contamination at NSTI and compliance with all laws and regulations pertaining to the cleanup of hazardous substances and petroleum products. The Navy is currently conducting remedial actions, the goal of which is to eliminate the contamination, reduce it to acceptable levels, or, if residual contamination is left in place, to limit exposure pathways that may pose a risk to human health and the environment. The Navy's remedial activities fall under six programs, which can generally be grouped into two categories:

1. Programs to address soil and groundwater contamination
 - IR Program
 - Inactive Fuel Pipeline Sites Program
 - Radiological Program
2. Programs to address hazardous building material contamination
 - PCB Program
 - Lead-Based Paint Program
 - Asbestos-Containing Materials Program

Soil and Groundwater Contamination

NSTI has been divided into a total of 34 IR sites as part of the Navy's IR program. Of these 34 sites, 22 sites are managed under the CERCLA program and 12 of these are managed under the Petroleum Program or have been merged into adjacent IR sites. Many of these IR sites (1, 2, 3, 4/19, 5, 7, 9, 10, 13, 14/22, 15, 16, 17, 18, 20, 23, and 26) have already received regulatory closure through risk assessment or remediation activities. Three sites (8, 11 and 29) are located on Yerba Buena Island outside of the Project Area, and are not included in this analysis.³⁴ The remaining open sites include:

- Site 6 (Fire Training School)
- Site 12 (Old Bunker Area)
- Site 21 (Vessel Waste Oil Recovery Area)
- Site 24 (Dry Cleaning Facility)
- Site 25 (Seaplane Maintenance Area)
- Site 27 (Clipper Cove Skeet Range)
- Site 28 (West Side On/Off Ramp)
- Site 30 (Daycare Center)

³⁴ A portion of Site 29 may be transferred to Caltrans for the Ramps Project, which is a separate project and not part of the proposed Development Program.

- Site 31 (South Storage Yard)
- Site 32 (Training and Storage Area)
- Site 33 (Water Line Replacement Area)

The Draft EIR provides a summary of the existing hazardous materials contamination and cleanup status for each of these open sites. Figure II-5 identifies the location of IR Program sites in the Project Area.

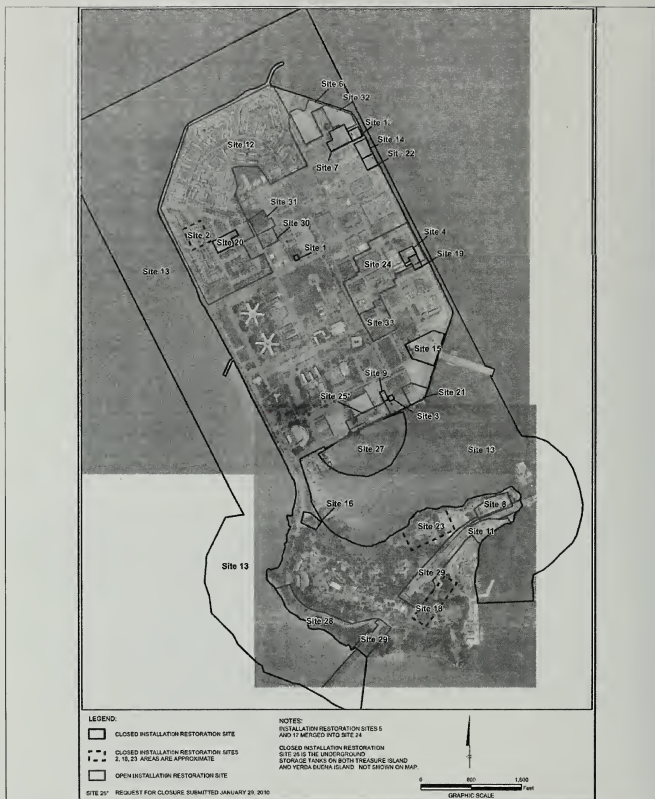
In addition to the Petroleum Program sites included within the IR Program, the Navy identified a number of inactive fuel pipelines that require remediation. Six main fuel lines were installed on Treasure Island as early as the 1940s, which transported gasoline, diesel, bunker fuel, and other petroleum products. Some fuel lines were inactive as early as 1945, and the remaining fuel lines were reportedly removed from service in 1989. The Navy completed a large Corrective Action Plan for the inactive fuel pipelines, and implemented the recommended corrective actions at each site. All inactive fuel pipelines have received regulatory closure with the exception of a pipeline on IR Site 25 and a separate site on Yerba Buena Island known as YF3. Outstanding environmental issues at inactive Fuel Line YF3, identified by the Petroleum Program, will be addressed after the completion of the Bay Bridge construction activities.

Radiological contamination has been identified by the Navy as one of the contaminants of concern at NSTI. Radiological contamination is generally handled outside of the CERCLA process; however, by law the Navy retains responsibility for remediation of all radiological contamination. The Navy conducted a base-wide Historical Radiological Assessment (HRA) to document use of radioactive materials and to present a comprehensive history of radiological operations conducted by the Navy at NSTI. Five sites were identified for further evaluation: Building 233, Building 233 drain lines, Site 12, Building 343, and Building 344. The Navy subsequently completed remedial activities for Buildings 343 and 344, and, in 2008, the California Department of Toxic Substances Control (DTSC) and the California Department of Public Health granted “free release” for those two buildings.³⁵

The Navy is currently removing the radiological contamination from those isolated portions of Site 12 where such contamination has been found. Building 233 (located east of IR Site 33) was a former radiation training facility and had a known release of 50 milligrams of radium sulfate in 1950. The spill was remediated at the time to the relevant standards of that era, which were less stringent than current standards. The Navy has conducted a recent radiological survey of the building and will develop a work plan for demolition and clean up of the radiological contamination present. The radiological cleanup of both Site 12 and Building 233 will occur prior to regulatory closure, which will be obtained prior to transfer. TIDA cannot accept any property with known radiological contamination. If any radiological materials were subsequently discovered during construction activities, the Navy would be responsible and required to perform any necessary remedial activities to obtain “free release” of the subject property.

³⁵ A designation of “free release” or “unrestricted release” is a specific term used by the Department of Public Health that refers to standards regarding the clearance of materials that either contained or were suspected of containing radiological contamination.

Figure II-5
Installation Restoration (IR) Program Sites
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Source: Arcadis, TICD.

Seifel
 CONSULTING INC.

Hazardous Building Materials

As discussed above, implementation of the Development Program would include deconstruction of most existing structures in the Development Plan Area. These structures are known to contain building materials that can be hazardous to people and the environment once disturbed, including lead-based paint (LBP), asbestos-containing material (ACM), and polychlorinated biphenyls (PCBs). Building surveys performed by the Navy and its consultants have identified the presence of LBP, ACM and PCBs in existing buildings.

Prior to the U.S. Environmental Protection Agency (EPA) ban in 1978, LBP was commonly used on interior and exterior building surfaces. Through such disturbances as sanding and scraping activities, renovation work, or gradual wear and tear, old peeling paint or paint dust particulates have been found to contaminate surface soils or cause lead dust to migrate and affect long-term indoor air quality. Exposure to lead can cause adverse health effects, especially in children. According to the U.S. Centers for Disease Control and Prevention (CDC),

Lead can produce adverse effects on virtually every system in the body; it can damage the kidneys, the nervous system, the reproductive system, and cause high blood pressure. It is especially harmful to the developing brains of fetuses and young children. There may be no lower threshold for some of the adverse effects of lead in children. In addition, the harm that lead causes to children increases as their blood lead levels increase.³⁶

Major exposure to lead can occur under the following conditions:

- The presence of deteriorated, cracked, or peeling lead based paint in older buildings, creating dust and paint chips easily ingested by young children;
- Disturbance of lead based paint during renovation or remodeling;
- Presence of lead based paint in any condition on an exposed surface easily chewed by a young child (such as a window sill); and
- Lead contamination in the soil around a residential building.

Similar to LBP, asbestos is commonly found in buildings constructed prior to 1980. Asbestos is a naturally occurring fibrous material that was extensively used as a fireproofing and insulating agent in building construction materials such as ceiling and floor tiles before the EPA banned such uses in the 1970s. ACM that is not maintained can create friable (i.e., airborne) asbestos particles, a known health risk. If inhaled, these particles can become lodged in the lungs, potentially causing increased incidence of lung disease or other pulmonary complications. In general, the more exposure to asbestos, the greater the chance of developing harmful health effects. Asbestos exposure can be particularly harmful to young children.

The EPA describes three of the major adverse health effects associated with asbestos exposure as follows:

- Asbestosis: a serious, progressive, long-term non-cancer disease of the lungs caused by inhaling asbestos fibers that irritate lung tissues and cause the tissues to scar.

³⁶ "Facts on...Lead," U.S. Centers for Disease Control and Prevention website, <http://www.cdc.gov/nceh/lead/guide/1997/docs/factlead.htm>.

- Lung Cancer: this cancer causes the largest number of deaths related to asbestos exposure. People who work in the mining, milling, manufacturing of asbestos, and those who use asbestos and its products are more likely to develop lung cancer than the general population.
- Mesothelioma: a rare form of cancer that occurs in the thin lining of the lung, chest, abdomen, and heart. Almost all cases are linked to exposure to asbestos, and this disease may not show up until many years after asbestos exposure.

PCBs are petroleum-based oils that were formerly used primarily as insulators in many types of electrical equipment including transformers and capacitors. After PCBs were determined to be carcinogenic in the mid to late 1970s, the EPA banned their use in most new equipment and began a program to phase out certain existing PCB-containing equipment. Fluorescent lighting ballasts manufactured after January 1, 1978 do not contain PCBs and are required to have a label clearly stating that PCBs are not present in the unit.

The Navy remediated existing friable ACM in a total of 58 buildings in 1998; however, according to the Navy, some additional remaining structures are known to contain ACM and LBP. The Navy has sampled and assessed all known existing and former electrical equipment for PCBs on the Islands, and results from the assessments conducted by the Navy identified areas where remediation and/or equipment removal was required. The required remedial work was subsequently completed; however, according to results of the PCB sampling program, there are still locations on Treasure Island where PCBs were found to be above the criterion for low occupancy, and locations where PCBs were found to be above criteria for high occupancy but below criteria for low occupancy.

Under the anticipated transfer terms between the Navy and TIDA, the Navy will not do any further abatement of ACM, LBP or PCBs, and TIDA or the Developer will be responsible for abatement of all remaining hazardous building materials within the Development Plan Area.

Additional Hazardous Materials Remediation Included in the Development Program

Additional cleanup activities to remediate hazardous materials may be required after Navy transfer of NSTI in order to accommodate the proposed uses in the Development Program. The Development Program currently contemplates four primary conditions under which TIDA or TIDC would conduct additional remediation of the site:

- Where the land use controls imposed by the Navy on the property in some areas are inconsistent with the reuse proposed by the Development Program.³⁷ For example, the Navy transfer documentation and covenants to the deed may preclude reuse of the property for residential or other purposes. In this case, specific remedial actions in addition to those performed by the Navy would be required prior to allowing those uses.
- Where the Development Program requires demolition or renovation of structures containing hazardous building materials such as LBP or ACM, additional response actions would be required. TIDA or the Developer would be responsible for the remedial actions associated with any LBP or ACM in accordance with applicable laws and regulations. As discussed

³⁷ For NSTI, many of the IR sites are expected to be cleaned to unrestricted use standards. Land use controls will only be required in certain circumstances that involve any potential future earthwork activities that would require a soil management plan.

above, this type of remedial action is expected as part of implementing the Development Program.

- Where additional investigation/remedial actions may be required at parcels the Navy has remediated to a less stringent standard than required for the proposed reuse.
- Where newly discovered, pre-existing CERCLA contaminants (including unknown structures such as underground pipelines or underground storage tanks) are discovered, and cleanup is necessary to allow for the proposed site reuse.

TICD estimates the additional cost of hazardous materials cleanup activities at approximately \$40 million in constant FY 2010/11 dollars. These additional hazardous materials cleanup activities and costs further inhibit the economically viable reuse of the base.

2. Infrastructure that Does Not Meet Current Standards [§33492.11(a)(5)]

Access to and circulation on the Islands is constrained due to limited and deficient roadway and transit infrastructure. Furthermore, substandard, deficient and deteriorated utility infrastructure exists throughout the Project Area. This deficient utility infrastructure is not suitable for reuse, is difficult and expensive to maintain, and, in some cases, creates a health and safety risk. These adverse conditions represent critical challenges to both existing residents and users, as well as to the successful reuse of NSTI. As discussed in Chapter I, the proposed level of development intensity is necessary to achieve successful redevelopment of NSTI and to develop the property to its highest and best use. The existing transit, roadway and utility infrastructure systems on the Islands do not meet current standards, and are not adequate to support the residential and commercial development proposed under the Development Program. As discussed in Section C.1 above, this deficient infrastructure is also a significant factor inhibiting the economically viable reuse of the military base by contributing significant costs to the development of NSTI that cannot be borne by the private sector or government, or both, without redevelopment assistance.

a. Access, Circulation, Transit, and Roadway Infrastructure

Currently, access to the Islands is only possible via the Bay Bridge. Existing public transit infrastructure is extremely limited in the Project Area, and currently consists of one MUNI bus line. The lack of transit infrastructure severely limits the reuse potential of NSTI. The existing traffic volume on the Bay Bridge and the substandard design of the connecting ramps from the Bay Bridge to the Islands constrains vehicular access. Therefore, reuse of the Islands that intensifies the residential and commercial land uses must rely heavily on transit, especially ferry service to and from San Francisco, rather than private vehicles. These necessary transit improvements would require substantial investment in new transit infrastructure.

Constrained circulation is a significant infrastructure deficiency affecting Yerba Buena Island due to the steep grades, hairpin turns and narrow street sections. Emergency access is of particular concern, both in terms of emergency vehicles negotiating steep grades and curves as well as inhabitants exiting the island during an emergency event in which Macalla Road is blocked.³⁸ Reconfiguration and improvement of the roadways on Yerba Buena Island is therefore necessary to meet current standards for emergency access.

³⁸ 1995 ECR; Alternatives Report, p. 4.

The street layout on Treasure Island was designed to meet the needs of the military base, and is not consistent with the needs of residential and commercial development. Furthermore, many streets on both of the Islands are lacking proper curbs and/or sidewalks, and much of the pavement is cracked and deteriorated. Therefore, the existing street infrastructure on Treasure Island needs to be replaced.

b. Utility Infrastructure

In general, the utilities on the Islands are substandard, as they were developed to military standards and not built according to local codes and regulations. Little maintenance has been conducted during the years preceding transfer of operations and management responsibilities to the City, and the utility systems are near the end or past their useful life. The condition of the utility systems makes it difficult to provide reliable service, and in many instances poses a health and safety risk to SFPUC staff and the public. In addition, the existing facilities are extremely costly to operate and maintain due to the substandard design and deteriorated condition.³⁹

The Islands also lack designated utility corridors and easements for provision of new utility infrastructure. In addition, NSTI infrastructure includes utility systems that are separated by water from the adjoining utility networks, and must traverse the causeway joining the Islands. As discussed in Section C.1.a, in its existing condition, this causeway is vulnerable to damage and disruption of utility service in the event of an earthquake.

TICD commissioned further analysis of existing utility systems for the 2006 Infrastructure Plan, which confirmed these findings. Many of the utility systems are deteriorated, and, in most cases, do not conform to standards mandated by the San Francisco Public Utilities Commission (SFPUC) or San Francisco Department of Public Works (SFPDW). The SFPUC, which currently maintains the existing on-Island utility systems on behalf of TIDA in its caretaker role, has indicated that the current systems would not be accepted for ownership and maintenance without substantial upgrades or complete replacement of whole systems.⁴⁰ The following sections describe the condition of individual utility systems.

Potable Water and Fire Protection Systems

The water storage system on the Islands consists of four concrete reservoirs that serve as both the potable and fire protection water supplies.⁴¹ These reservoirs are in poor condition, and require either major rehabilitation or replacement to meet the needs of the proposed uses. The distribution system, originally constructed in 1939 with copper, galvanized steel and asbestos cement pipe, was replaced in 1990 with polyvinyl chloride (PVC) pipe; however, piping constructed of galvanized steel pipe in many individual buildings has not been replaced.⁴²

Constraints to using the existing water distribution system include:

- Existing water reservoirs are deteriorated.
- PVC material is not accepted by the SFPUC for water distribution systems.

³⁹ 2004 Utility Assessment, p. 25.

⁴⁰ 2004 Utility Assessment, p. ES-5.

⁴¹ 2006 Infrastructure Plan, p. 29.

⁴² 2006 Infrastructure Plan, p. 40.

- Existing water service connections need retrofitting with backflow preventers.
- The system lacks individual water meters.
- The fire hydrant nozzle size does not meet San Francisco Fire Department (SFFD) requirements.

The general lack of reliability of the water supply system could impact the firefighting capacity of the SFFD on the Islands, including its ability to prevent the destruction of existing and future structures on the Islands in the event of a major fire.⁴³ Thus, the Development Program is anticipated to include replacement of the existing water storage and distribution system, and addition of a new firefighting water supply system. Proposed upgrades to the potable water and fire protection systems are discussed in Chapter III. The cost of these necessary upgrades and replacements would add significant cost to any development program. Public sector replacement of these facilities is not feasible given constrained budgets and limited potential for revenue generation without a unified development program.

Wastewater and Storm Water Systems

The wastewater treatment and storm water collection systems on the Islands are old and outdated. Upgrade or replacement of these systems is necessary to correct deficiencies and support the increased demand for services anticipated under the Development Plan.

The SFPUC maintains and operates the existing Navy-owned wastewater collection and treatment system on the Islands. Unlike most of San Francisco, Treasure Island has separate wastewater and storm water collection systems. The existing wastewater collection system consists of gravity sewer pipes, approximately 27 sewage pump/lift stations and force mains. Pipes are made of PVC, asbestos cement, cast iron, steel, and vitrified clay. The pump/lift stations are a mix of dry-well and wet-well systems.⁴⁴ Wastewater generated on the Islands is conveyed to the wastewater treatment plant at the northeastern corner of Treasure Island, where it is treated to a secondary level prior to discharge into San Francisco Bay. The wastewater treatment plant was constructed in 1961, with upgrades to the plant made in 1969 and 1989 to bring it to its current peak treatment capacity.⁴⁵ However, the plant is in need of critical improvements to address the problems caused by old technologies, antiquated equipment, lack of redundancy and operating deficiency at existing low operating flows.⁴⁶

The existing storm water system on Treasure Island is in poor condition, and consists of underground pipes, six storm water lift stations, and approximately 31 outfalls of various sizes located around the perimeter of the island. Yerba Buena Island has a similar collection system and approximately 32 outfalls. Storm water is not currently treated prior to discharge to the Bay.

Reuse of the wastewater and storm water systems is inherently difficult because of their design, configuration and deteriorated condition. As the layout of the development under the proposed plan differs from existing development, the configuration of the piping prohibits any significant reuse of these systems. The SFPUC cannot accept the existing systems in their current state

⁴³ 2004 Utility Assessment, p. 26.

⁴⁴ Draft EIR, Section IV.K.

⁴⁵ 2006 Infrastructure Plan, p. 37.

⁴⁶ 2004 Utility Assessment, p. 28.

because they do not conform to their standards. Damage to these systems has also occurred over time, due to differential settlement and tree root intrusion.

Due to the deteriorated condition of the facilities, the existing wastewater and storm water collection systems will be completely replaced in phases corresponding to the proposed Development Program. At full build-out, the new and separate wastewater and storm water systems will meet the SFPUC and SFDPW requirements. All of the existing pump/lift stations will be removed and replaced and the existing pipe materials will be replaced. The existing wastewater treatment facility will be improved and/or replaced near its current location, and it is anticipated that the SFPUC will continue to operate and maintain the new wastewater treatment facility.⁴⁷

Electrical Power System

Electrical power is supplied to the Islands from the Davis-Cuthbertson Substation located on the Port of Oakland via overhead lines and then submarine cables to Treasure Island, with a separate smaller distribution line from Treasure Island to Yerba Buena Island. This electrical supply is sufficient to meet the needs of the proposed development.⁴⁸

The entire electrical distribution system, however, will be replaced to support the proposed reuse.⁴⁹ The existing electrical distribution system is not adequate to support the proposed uses under the Development Plan, and requires improvements to conform to local codes and standards, including installation of meters for all users. Furthermore, the overhead and underground distribution systems on Yerba Buena Island include antiquated equipment (dating back to 1948) and are generally in extremely poor condition. The poor condition of this equipment presents a potential safety hazard to SFPUC staff.⁵⁰

Natural Gas System

Natural gas is supplied to the Islands from Oakland through a 50-year old submarine gas main to a central metering station on Treasure Island, and is distributed across the Islands by distribution systems built in 1965, 1970 and 1985. The natural gas utility infrastructure system on the Islands is owned by the Navy and operated by the SFPUC.

Portions of the natural gas distribution system were constructed using PVC pipes. The use of PVC in the conveyance of natural gas violates current building codes and poses increased health and safety risks. The distribution system is also vulnerable to breaks and combustion hazards due to the use of PVC pipe.⁵¹ The existing natural gas distribution system on the Islands is not adequate to support the proposed uses under the Development Plan, and requires improvements to

⁴⁷ 2006 Infrastructure Plan, p. 37.

⁴⁸ The Navy-owned submarine cable was replaced by Caltrans with two new cables as part of its work on the east span of the Bay Bridge. The new cables have sufficient capacity for the uses anticipated by the Development Program.

⁴⁹ 2006 Infrastructure Plan, p. 6-7.

⁵⁰ 2004 Utility Assessment, p. 30.

⁵¹ 2004 Utility Assessment, p. 31.

conform to local codes and standards, including installation of meters for all users. Thus, a new natural gas distribution system will need to be constructed to conform to current standards.⁵²

3. Unsafe or Unhealthy Buildings [§33492.11(a)(1)]

As discussed in Section C.1 above, the Project Area contains many buildings that are not suitable for long-term economically viable reuse due to a combination of age, obsolescence, building code deficiencies, serious dilapidation, location on unstable fill in an area of known seismic activity, and the presence of hazardous materials such as LBP and ACM. As discussed in this section, the combination of these factors also creates unsafe or unhealthy conditions in many buildings. Furthermore, the 33 non-residential buildings surveyed for the 1995 ECR contain deficient building systems, including structural, mechanical, electrical, and architectural deficiencies. These building system deficiencies further contribute to unsafe or unhealthy conditions in many non-residential buildings. Additional documentation of deteriorated building conditions related to unsafe or unhealthy buildings is provided by the 2006 TIDA Report and the consultant Field Surveys in 2003 and 2009 discussed in Section C.1 above.

a. Building System Deficiencies

Deficient building systems result in unsafe or unhealthy conditions in many of the surveyed non-residential buildings. While the 1995 ECR also assessed the condition of the architectural, electrical and structural systems of four residential buildings on Treasure Island (one building from each of the four residential blocks), building upgrades were performed in 1999 by the John Stewart Company to address seismic safety and building code deficiencies in the currently occupied residential buildings to bring these structures into safe, habitable condition for short-term use. The analysis below summarizes the physical condition and deficiencies of the systems found in the non-residential buildings surveyed in 1995.

Structural Deficiencies

The age, construction type and structural condition of many buildings in the Project Area make them particularly vulnerable to damage from earthquakes and earthquake-related ground shaking. Building age reflects design and construction standards of the time, and can be a contributing factor to building damage during a seismic event. As discussed in Section C.1.d above, many non-residential structures in the Project Area do not meet current building codes. These code deficiencies result from both the age of the buildings (most buildings were constructed during World War II) and the fact that the Navy did not build structures on NSTI that conformed to local and state codes. Furthermore, the Uniform Building Code (UBC), which until recently was used as the standard for building construction, underwent major changes in seismic standards during the mid-1950s and 1970s in response to major earthquake incidences around the country and subsequent building technology improvements. Unless retrofitted, structures built prior to the adoption of the 1973 UBC, or structures that were never required to comply with civilian building codes, are more susceptible to earthquake damage than those constructed using post-1973 civilian building codes.

⁵² 2006 Infrastructure Plan, p. 52.

Many of the older buildings evaluated in the 1995 ECR suffer from structural deficiencies that result in potential life-safety concerns. Manna Consultants (MC) reviewed existing documentation, interviewed Navy personnel and city staff, and surveyed the selected 33 non-residential buildings to assess structural conditions for the 1995 ECR. In general, MC found that the buildings are anticipated to perform poorly during a major earthquake, potentially resulting in significant damage to the building and injury to occupants if portions of the building were to collapse and fall on them. The reuse of these buildings is limited due to the extent of the deficiencies identified.⁵³ The number of buildings in each rated condition is shown in Table II-5. MC concluded in 1995 that in the event of a major earthquake:

- Two non-residential buildings with a total of about 213,071 square feet were anticipated to have very poor performance. These buildings would be subject to extensive structural and non-structural damage, including potential structural collapse that could result in injury to occupants. These buildings would require extensive structural upgrades to be safe for long-term use.
- Eighteen non-residential buildings with a total of about 855,019 square feet were anticipated to have poor performance. These buildings would be subject to structural and non-structural damage, including potential structural collapse that could result in injury to occupants. These buildings would require significant structural upgrades to be safe for long-term use.
- Twelve non-residential buildings with a total of about 331,030 square feet were anticipated to have fair performance. The buildings would require relatively minor structural upgrades to be safe for long-term reuse.
- Only one non-residential building (55,100 square feet) was anticipated to have good performance. This building would experience minor structural or non-structural damage. No structural upgrades would be required to be safe for long-term reuse.

Table II-5
Structural Condition of Surveyed Non-Residential Buildings in 1995
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Condition	Number of Buildings	Percent	Square Feet	Percent
Very Poor	2	6%	213,071	14%
Poor	18	55%	855,019	59%
Fair	12	36%	331,030	23%
Good	1	3%	55,100	4%
Total	33	100%	1,454,220	100%

Source: Reuse Plan Existing Conditions Report Vol. 2, Building Condition: Structural, 1995.

The building surveys indicate that existing structural conditions range from very poor to good condition, with the majority of the buildings (61 percent) in the very poor and poor categories representing 73 percent of the total square footage of the surveyed buildings. These buildings would require significant structural upgrades to be safe for long-term reuse. MC concluded that the cost to retrofit existing structures to provide additional seismic resistance is generally higher

⁵³ 1995 ECR, Building Condition: Structural.

than the cost to demolish and replace the buildings. The main structural deficiencies found by MC in 1995 were:

- Design deficiencies related to seismic resistance, including missing horizontal diaphragm elements, inadequate or missing vertical shear wall or frame elements, inadequate connections of vertical shear wall or frame elements to horizontal diaphragms, and inadequate foundation. Most of the buildings surveyed exhibit one or more of these deficiencies, including visual evidence of structural deterioration.
- Foundation deficiencies related to seismic resistance, including differential settlement and structural deterioration. Most of the buildings surveyed exhibit foundations that are generally inadequate to resist seismic lateral and uplift forces.

These structural deficiencies result in buildings that are likely to suffer damage in an earthquake and could potentially injure occupants. Thus, these structural deficiencies create unsafe conditions in many non-residential buildings in the Project Area.

Mechanical Systems Deficiencies

Takahashi Consulting Engineers, Inc. (TCE) assessed the selected non-residential buildings to establish the relative condition of the existing mechanical systems (plumbing, fire protection, steam heating, and ventilation) for the 1995 ECR. The systems were evaluated for condition, capacity and code compliance. The assessment of mechanical condition was not done for the residential buildings. TCE noted the following deficiencies in 1995:

- The steam heating systems within the buildings are generally in poor condition. TCE recommended that the systems should be replaced in all buildings built prior to 1960 (20 of the 33 buildings). Fifty percent of the systems should be replaced in buildings constructed after 1960, with the remaining systems requiring some upgrades. As shown in Table II-6, less than 20 percent of the buildings surveyed have steam heating systems in good condition.⁵⁴
- The plumbing systems are generally in poor condition. In buildings constructed prior to 1985 (30 of the 33 buildings), the plumbing fixtures require maintenance. Most plumbing pipes are corroded, and are constructed of outdated galvanized construction.
- Seventy-five percent of the buildings surveyed have ventilation systems in poor to fair condition, as shown in Table II-7.⁵⁵

Deteriorated plumbing and heating systems and poor ventilation systems are building code violations and create unsafe or unhealthy conditions in some of these buildings. Malfunctioning steam heating systems result in excessively cold interior temperatures that are potentially unhealthy for occupants. Deteriorated plumbing could expose occupants to raw sewage. Inadequate ventilation systems can create poor indoor air quality that could potentially result in health problems for occupants.

TCE also found that very few non-residential buildings on the Islands are equipped with a sprinkler system for fire protection, and the majority of buildings constructed prior to 1985 do not have adequate fire protection (30 of 33 buildings). Lack of sprinklers or fire protection systems is

⁵⁴ Steam heating systems assessment was done for 26 buildings.

⁵⁵ Ventilation systems assessment was done for 28 buildings.

a serious building code violation, and increases the risk of injury to building occupants in the event of a fire.

Table II-6
Steam Heating Systems Condition of Non-Residential Buildings Surveyed in 1995
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Condition	Number of Buildings	Percent	Square Feet	Percent
Poor	7	27%	469,251	34%
Fair	14	54%	753,393	54%
Good	5	19%	160,308	12%
Total	26	100%	1,382,952	100%

Note: Steam heating systems condition was not determined for seven non-residential buildings.

Source: Reuse Plan Existing Conditions Report Vol. 2, Building Condition: Mechanical, 1995.

Table II-7
Ventilation Systems Condition of Non-Residential Buildings Surveyed in 1995
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Condition	Number of Buildings	Percent	Square Feet	Percent
Poor	7	25%	539,337	38%
Fair	14	50%	512,337	37%
Good	7	25%	347,253	25%
Total	28	100%	1,398,927	100%

Note: Ventilation systems condition was not determined for five non-residential buildings.

Source: Reuse Plan Existing Conditions Report Vol. 2, Building Condition: Mechanical, 1995.

Electrical Systems Deficiencies

Cerbato & Associates (CA) assessed the selected buildings to establish the relative condition of the existing electrical systems for the 1995 ECR. CA conducted field visits to 33 non-residential buildings on the Islands to determine the status of each electrical system. CA noted that the physical status of the electrical equipment varies with the age of the building. For example, buildings constructed during World War II (1941-1946) have received some upgrades but still have electrical equipment that is deteriorated and is past its useful life (30 years or older). CA observed conditions of non-replaceable parts and possible overuse due to the deterioration of equipment that has exceeded its rated capability. Old and deteriorated electrical systems can pose an increased risk of fire that could potentially injure building occupants, and are thus considered unsafe. As shown in Table II-8, CA found that the electrical systems are in need of upgrades in order to be safe in 55 percent of the buildings surveyed.

Table II-8
Electrical Systems Condition of Non-Residential Buildings Surveyed in 1995
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Condition	Number of Buildings	Percent	Square Feet	Percent
Upgrade	18	55%	892,431	61%
Adequate	15	45%	561,789	39%
Total	33	100%	1,454,220	100%

Source: Reuse Plan Existing Conditions Report Vol. 2, Building Condition: Electrical, 1995.

Architectural Deficiencies

Cervantes Design Associates (CDA) performed the architectural assessment of 33 non-residential and four residential buildings on the Islands for the 1995 ECR. CDA found that more than two-thirds of the non-residential structures were in poor to fair architectural condition, and only one-third in good condition. In general, the temporary buildings are in worse condition than the semi-permanent and permanent buildings, and the older buildings are in worse condition than the newer buildings.

As shown in Table II-9, 23 surveyed buildings (69 percent) were found to be in poor to fair condition. CDA determined that the primary architectural deficiencies related to unsafe and unhealthy conditions were stairwells and corridors that do not have rated enclosures. In some cases, egress through adjoining rooms and corridors is not continuous to an exit and ventilation is often provided by penetrations into corridors.

These architectural deficiencies contribute to unsafe conditions related to evacuation of buildings in an emergency situation, as well as to unhealthy conditions related to improper and inadequate ventilation. The inability to quickly and safely exit a building in an emergency can result in harm to occupants, and inadequate ventilation can lead to poor indoor air quality and health problems.

Table II-9
Architectural Condition of Non-Residential Buildings Surveyed in 1995
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Condition	Number of Buildings	Percent	Square Feet	Percent
Poor	12	36%	797,152	55%
Fair	11	33%	381,529	26%
Good	10	30%	275,539	19%
Total	33	100%	1,454,220	100%

Source: Reuse Plan Existing Conditions Report Vol. 2, Building Condition: Architecture, 1995.

4. Buildings That Will Not Comply With Subdivision, Zoning or Planning Regulations [§33492.11(a)(4)]

As discussed in Chapter I, the State of California asserts that Treasure Island will become subject to the Tidelands Trust upon transfer of NSTI from the Navy. The 37 acres of land remaining under federal jurisdiction on the Job Corps Campus would not be subject to the state Trust while the land remains under federal ownership. The purpose of the Tidelands Trust doctrine is to ensure that lands presently or formerly underlying the State's navigable waterways remain committed to water-oriented or other Trust-consistent uses.

The Tidelands Trust doctrine has been developed primarily through case law and interpretations of that law by the California State Lands Commission and Attorney General. The Tidelands Trust effectively acts as a type of zoning by limiting the permitted uses of lands subject to the Trust. Uses of Trust lands are generally limited to waterborne commerce, navigation, fisheries, and water-oriented recreation, including commercial facilities that must be located on or adjacent to water, and environmental preservation and recreation, such as natural resource protection, wildlife habitat and study, and facilities for fishing, swimming, and boating. Ancillary or incidental uses that promote Trust uses or accommodate public enjoyment of Tidelands Trust lands, are also permitted, such as hotels, restaurants and specialty retail. Residential and general office uses are generally not permitted uses on Tidelands Trust lands.

The Conversion Act provides that certain existing buildings on Treasure Island that are inconsistent with the Tidelands Trust, such as the existing residential buildings, may continue to be used for their remaining useful life, defined as no less than 25 years or no more than 40 years from the date of the Conversion Act (1997). Once the established period has expired, continued residential or other non-Trust use of those buildings must cease. As stated in the Conversion Act, most of the buildings and other structures constructed during the period of federal ownership were built for non-Trust purposes and are not adaptable for Trust-related uses. The Conversion Act expressly disallows improvements that would enlarge the footprint or size of the shell of any of the existing non-Trust buildings, and no new residential or general commercial buildings could be constructed on Treasure Island absent a termination of the Trust on the lands to be developed.

The incompatibility of existing uses with permitted Tidelands Trust uses creates a disincentive to the improvement or reuse of the existing buildings, or the development of new revenue-producing uses such as residential or general commercial uses. However, the State legislature has authorized a Tidelands Trust Exchange, whereby Tidelands Trust restrictions would be lifted from the portions of Treasure Island that are planned for residential and other non-permitted Trust uses and transferred to and imposed on portions of Yerba Buena Island that would not otherwise be subject to the Tidelands Trust. The effectiveness of the Tidelands Trust Exchange is predicated upon implementation of a redevelopment plan that results in substantial benefits to the Tidelands Trust, particularly open space and public access improvements that can only be provided in the context of a large-scale redevelopment project.

The Islands are currently zoned "P" under City Planning Code Section 234 *et seq.* Permitted uses include public structures and uses of the City and County of San Francisco and of other governmental agencies subject to regulation by this Code. Accessory non-public uses are permitted if in conformity with the Master Plan and the provisions of other applicable codes,

laws, ordinances and regulations. Planning Code Section 105 designates the Islands as an area with a 40-foot height limit for buildings.

Upon conveyance from the Navy, the existing residential buildings, and other buildings used for commercial non-governmental purposes, would immediately become inconsistent with the existing zoning except to the extent deemed accessory to City uses. Although such uses may continue for some period of time as non-conforming uses (and for no longer than 40 years under the Conversion Act), no changes in use would be allowed that would further increase the inconsistency. Similar issues would occur due to the 40-foot height limit, as numerous buildings exceed this height. The inconsistency with the existing zoning severely limits the ability to improve or adaptively reuse most of the existing buildings.

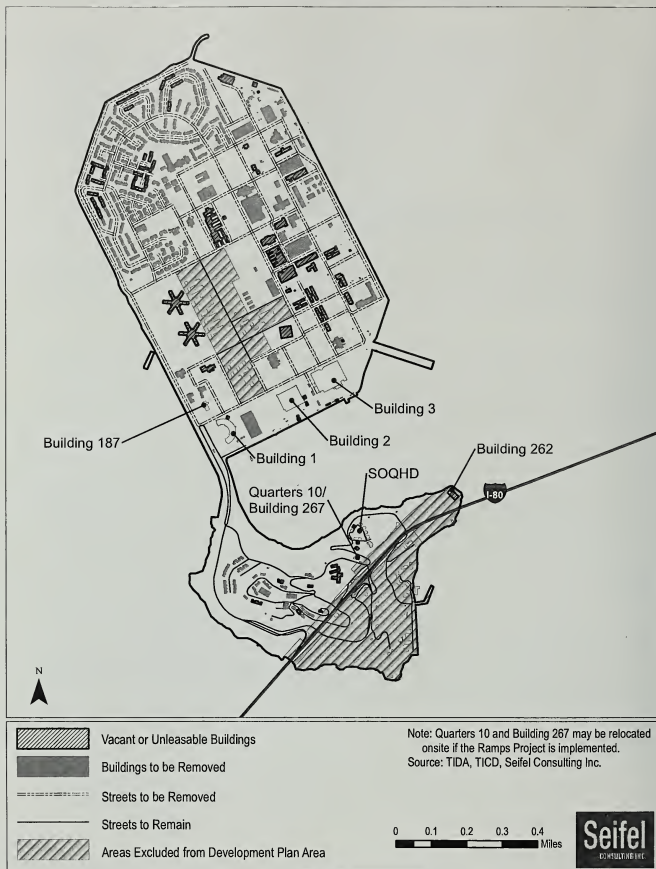
5. Materials or Facilities that Must Be Removed to Allow Development [§33492.11(a)(7)]

The Project Area contains numerous materials, buildings and other facilities that must be removed to allow for development of the site. Many of the existing improvements on the Islands are deteriorated and were designed to meet the needs of the military base. These materials and facilities are not suitable for civilian reuse.

As discussed in Section C.1 and Section C.3, most of the non-residential buildings in the Development Plan Area are old, deteriorated, functionally obsolete, designed for military uses, and are vulnerable to damage from earthquakes. More than 80 buildings in the Project Area (30 percent) have been deemed blighted by TIDA or have never been leased due to their deteriorated condition. These buildings have remained vacant since the closure of NSTI in 1997, and have not been maintained. Section C.4 discusses the incompatibility of both the non-residential and residential buildings with the Tideland Trust. Taken together, these factors make most of the buildings on NSTI unsuitable for long-term economically viable reuse. The Development Program therefore proposes to demolish/deconstruct almost all of the buildings in the Development Plan Area in order to accommodate reuse of NSTI at its highest and best use. The Development Plan anticipates that nearly all buildings within the Development Plan Area will be demolished over time, except Buildings 1, 2, 3, and 187 on Treasure Island, and the SOQHD buildings, Quarters 10 and Building 267, and Building 262 on Yerba Buena Island.

As discussed in Section C.2, the street layout on Treasure Island was designed to meet the needs of the military base, does not conform to current infrastructure standards, is not consistent with the layout needed for residential and commercial development, and in many places is in deteriorated condition. Photographs of these deteriorated conditions are included in Appendix D. The Development Program therefore includes replacing most of the pavement and completely reconfiguring the street layout on Treasure Island. Figure II-6 shows these buildings and streets that must be removed to allow development.

Figure II-6
Buildings and Streets to be Removed
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



In addition to the buildings and streets that must be removed, facilities on the Islands related to water, wastewater, storm drainage, electricity, and natural gas infrastructure discussed in Section C.2 must also be removed and replaced, as these infrastructure systems are old, substandard, deteriorated, expensive to maintain, and in some cases inadequate to serve the needs of the proposed development. Hazardous materials remediation activities will require removal and/or in-situ treatment of soil and other contaminated materials. Additionally, some of the buildings proposed to be deconstructed contain hazardous materials. The presence of these materials and facilities that must be removed to allow development poses additional challenges to the reuse of NSTI.

D. Summary of Blight Findings

The CRL requires that the Report to Board demonstrate that the combination of at least two of the seven blighting conditions listed in Section 33492.11 is so substantial and prevalent in the Project Area that it constitutes a serious physical and economic burden on the community and justifies adopting the proposed Redevelopment Plan. The documentation and analysis in this chapter demonstrates that the combination of five of these seven blighting conditions is substantial and prevalent in the Project Area. These blighting conditions are summarized in the sections below, and in Table II-10 and Figure II-6 at the end of this Section D.

While many of the documented blighting conditions can be alleviated, the substantial cost creates a barrier to redevelopment of the Project Area. High costs that include removal and replacement of existing buildings and infrastructure place a burden on future development of NSTI that deters the redevelopment of the area without redevelopment assistance. The lack of transportation infrastructure places a natural limit on potential development that cannot support the other needed infrastructure, thus necessitating additional transportation infrastructure and improvements to allow for higher levels of development needed to carry the burden of the needed utility infrastructure. The seismic and flooding hazards in the Project Area impose additional costs on development and pose risks that deter private investment, and the restrictions of the Tidelands Trust limit development potential. These factors combine to make the site uncompetitive compared to other potential development sites.

1. Factors Inhibiting Economically Viable Reuse or Capacity of Buildings or Areas [§33492.11(a)(2)]

Several factors combine to inhibit the economically viable reuse of NSTI, and prevent the highest and best use of the property, as follows:

As discussed in Sections C.1.a and C.1.b, geologic and flooding hazards in critical portions of the Project Area create serious impediments to development. In order to develop the Project Area for civilian reuse and attract investment, costly and extraordinary geotechnical improvements are necessary to address the hazards and prepare the site for development. These improvements include grading and soil compaction to prevent differential settlement, increased base flood elevation and perimeter berm height to address future potential sea-level rise, and perimeter berm strengthening to protect Treasure Island from flooding. The Development Program estimates that the costs of these improvements would be approximately \$200 million in constant FY 2010/11 dollars. It is highly unlikely that the necessary improvements could be funded without a public/private partnership such as contemplated with redevelopment. The high cost of these

necessary geotechnical improvements seriously inhibits the economically viable reuse potential of the military base.

As discussed in Section C.1.c, existing utility systems and roadway infrastructure are deteriorated, unsafe, expensive to maintain, and inadequate to support future development and reuse of NSTI. Infrastructure upgrades and replacement of entire utility systems must therefore occur in order to accommodate reuse. The estimated cost of these infrastructure improvements is approximately \$207 million in constant FY 2010/11 dollars. The high cost of these necessary infrastructure improvements seriously inhibits the economically viable reuse potential of NSTI.

As discussed in Sections C.1.d and C.1.e, many buildings in the Project Area are old, deteriorated and functionally obsolete, and were not designed for typical civilian use. Most of these buildings are not suitable for economically viable long-term reuse due to a combination of age, deteriorated conditions, deficient building systems, and the need for building upgrades to conform to local codes, and must be removed. The estimated cost of building demolition and deconstruction activities is \$25 million in constant FY 2010/11 dollars. In the case of the historic structures that will remain, substantial capital investment is required to rehabilitate these buildings to a marketable condition for long-term reuse.

As discussed in Section C.1.f, hazardous materials contamination currently exists at several sites in the Project Area, including some buildings that contain hazardous materials. While most of these hazardous materials sites will be remediated by the Navy, substantial additional cost will be necessary to perform necessary hazardous building materials remediation commensurate with the proposed land uses to allow for civilian reuse of NSTI. The estimated additional cost of hazardous materials cleanup activities is approximately \$40 million in constant FY 2010/11 dollars. The additional cost of hazardous building materials remediation further burdens potential development of the Project Area and serves as a deterrent to private investment, thus inhibiting the economically viable reuse of NSTI.

2. Infrastructure that Does Not Meet Current Standards [§33492.11(a)(5)]

As discussed in Section C.2.a, access to and circulation on the Islands is constrained, and does not meet current standards. The roadway infrastructure was designed to meet the needs of the military, and much of it is deteriorated and does not meet existing City standards. Limited public transit infrastructure exists in the Project Area, both for trips around the Islands and for trips to and from the mainland, and new transit facilities are necessary to support any significant redevelopment of the site. Substantial investment in upgraded roadway and public transit infrastructure is therefore necessary to allow for the highest and best use of the military base.

As discussed in Section C.2.b, most utility systems on the Islands, including the potable water, wastewater, storm water, fire protection, natural gas, and electric systems, are deteriorated, unsafe, expensive to maintain, obsolete, and/or do not conform to City codes. Upgrades, new facilities and new distribution networks for all utility systems are necessary to conform to City codes and support the proposed residential and commercial uses. The upgraded and new utility systems are necessary to allow for the highest and best use of the military base.

3. Unsafe or Unhealthy Buildings [§33492.11(a)(1)]

As discussed in Sections C.1 and C.3, the Project Area includes numerous old, deteriorated structures with deficient building systems that are constructed using outdated military building codes on unstable fill. These buildings are especially vulnerable to seismic hazards in the event of a major earthquake on a nearby fault. Approximately 30 percent of these structures are vacant, and have not been maintained since the Navy ceased operations at NSTI over 10 years ago. The combination of age, construction standards, lack of maintenance, dilapidation, deficient and deteriorated building systems, and location in an area of known seismic activity makes many of the buildings in the Project Area unsafe or unhealthy.

4. Buildings That Will Not Comply With Subdivision, Zoning or Planning Regulations [§33492.11(a)(4)]

As discussed in Section C.4, most of the buildings and other structures constructed on NSTI during the period of federal ownership were built for non-Trust purposes and are not adaptable for Trust-related uses. The non-Trust use of these buildings must cease at the end of their remaining useful lives. Furthermore, many existing buildings will not conform to the 40-foot height limit imposed by the Planning Code. The incompatibility of these existing uses with permitted Tidelands Trust uses creates a disincentive to the improvement or reuse of the existing buildings, or the development of new residential or commercial uses. Inconsistency with the existing zoning also severely limits the ability to improve or adaptively reuse most of the existing buildings. These conditions severely limit the long-term economically viable reuse potential of the military base and prevent the highest and best use of the property.

5. Materials or Facilities that Must Be Removed to Allow Development [§33492.11(a)(7)]

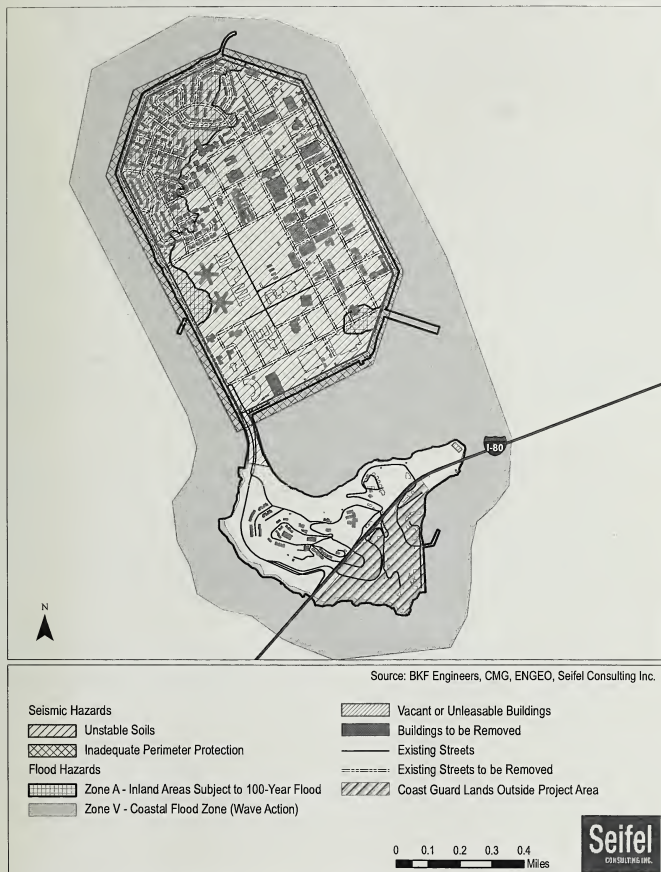
As discussed in Sections C.1, C.3 and C.5, the Project Area contains numerous materials, buildings, utility systems, roads, and other facilities that must be removed to allow development of NSTI. Most of the existing improvements on the Islands were designed to meet the needs of the military base, and are not suitable for civilian reuse. These facilities include: all of the buildings on Treasure Island, except for the buildings on the Job Corps Property and historic Buildings 1, 2, 3, and 187; most of the multifamily residential buildings on Yerba Buena Island; most of the pavement on Treasure Island; most of the utility system infrastructure on the Islands; and contaminated soil and hazardous building materials resulting from building deconstruction activities. The presence of these materials and facilities that must be removed to allow for civilian reuse of NSTI severely limits the long-term economically viable reuse potential of the military base and prevents the highest and best use of the property.

Table II-10
Summary of Blighting Factors
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Blighting Factor	Summary of Blighting Conditions	Section
1. Factors Inhibiting Economically Viable Reuse of Buildings or Areas		
a. Seismic and Geologic Hazards	–Nearby active earthquake faults, soil liquefaction and consolidation settlement, and instability of the perimeter berm and causeway will require costly improvements.	Section C.1.a
b. Flood Hazards	–Portions of the Project Area are in the 100-year floodplain and are vulnerable to potential sea-level rise, requiring increased base flood elevation and berm height.	Section C.1.b
c. Inadequate/ Deteriorated Infrastructure	–Existing utility systems and roadway infrastructure are deteriorated, unsafe, expensive to maintain, and inadequate to support reuse of NSTI.	Section C.1.c
d. Buildings Unsuitable for Economically Viable Reuse	–Many buildings on the islands are old, deteriorated and functionally obsolete and lack amenities necessary for productive long-term reuse. –Most buildings will require substantial rehabilitation to meet current building and safety codes, with costs exceeding replacement value.	Section C.1.d
e. Building Demolition/ Deconstruction	–Most of the buildings on the Islands are not suited for long-term economically viable reuse and thus need to be removed in order to develop NSTI at its highest and best use.	Section C.1.e
f. Hazardous Materials Contamination	–Navy activities on NSTI have resulted in substantial hazardous materials contamination, which may require additional cleanup of hazardous materials beyond the Navy's remedial activities.	Section C.1.f
2. Infrastructure that Does Not Meet Current Standards		
a. Circulation, Transit, and Roadway Infrastructure	–Access to and circulation on the Islands is constrained due to limited and deficient roadway and transit infrastructure. –Deteriorated roadway infrastructure needs to be replaced.	Section C.2.a
b. Utility Infrastructure	–Existing utility systems are deteriorated, unsafe, expensive to maintain and inadequate to support future development and reuse of NSTI.	Sections C.1.c and C.2.b
3. Unsafe or Unhealthy Buildings		
a. Building System Deficiencies	–Many buildings have structural, mechanical, electrical, and architectural deficiencies requiring significant upgrades to bring them in compliance with current building and safety codes.	Sections C.1.d and C.3.a
4. Buildings that Will Not Comply With Subdivision, Zoning or Planning Regulations		
	–Most existing buildings on NSTI are incompatible with Tidelands Trust restrictions, and must be removed at the end of their useful life. This creates a disincentive to the reuse of existing buildings, or the development of new revenue-producing uses.	Section C.4
5. Materials or Facilities that Must be Removed to Allow Development		
	–Numerous materials, buildings and other facilities must be removed to allow for development of the site, including: most buildings, street infrastructure, and utility distribution systems.	Section C.5

Source: Seifel Consulting Inc.

Figure II-7
Map of Blighting Conditions
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



E. Burden on the Community and Necessity for Redevelopment

The combination of the documented substantial and prevalent blighting conditions results in a serious physical and economic burden on the community that cannot reasonably be reversed or alleviated without the additional resources and tools that would be made possible by the adoption of the Redevelopment Plan and the implementation of the Development Program proposed by TIDA and TIDC.

1. Serious Physical and Economic Burden on the Community

The combination of the blighting conditions documented in the proposed Project Area is so substantial and prevalent that it causes a reduction of, or lack of, proper utilization of the area to an extent that it constitutes a serious physical and economic burden on the community, as follows: many unoccupied buildings are unsafe; most of the buildings are not suitable for long-term economically viable reuse; serious geotechnical and seismic hazards limit development; existing utility systems are deteriorated, do not meet current standards and are costly for the City to maintain; existing roadway infrastructure does not meet current standards; public transit is limited; and the Tidelands Trust restricts the uses of existing buildings.

The economic burden on the community presents itself in two ways: an existing fiscal burden, since the cost of providing service to NSTI exceeds its revenue to the City, and an opportunity cost to the community, since development of NSTI at the highest and best use would bring long-term economic benefits to the City and the region at large and failure to do so would deprive the City and region of these benefits.

Existing Fiscal Burden

NSTI is isolated from the rest of the City and its current limited uses result in higher service costs than would be typical for other developed areas in the City. Some examples of this are:

- The City operates 24-hour bus service to the Island without the necessary population density to support this service.
- In order to meet emergency response times, police and fire personnel must be stationed on the Island in greater numbers than would be typical for the current population density.

Other disproportionate costs associated with maintaining the buildings and infrastructure include:

- Maintenance cost for the utilities and other infrastructure—including the wastewater system, the electric and gas lines, and the streets and roads—is in itself higher than elsewhere in the City, because the systems on NSTI are at the end of their useful life, and were not built in accordance with City standards for such systems.
- Public safety cost due to the numerous vacant buildings, which require frequent police monitoring and have caused several large fires.

The leasable buildings command rents far below the market elsewhere in the City, due to the deteriorated condition and age of the buildings, as well as the isolated location. Income generated by NSTI—both through direct leasing revenues and through indirect property and sales tax revenues—is not sufficient to cover the costs associated with providing services to the residents and maintaining the buildings and infrastructure. This analysis does not take into account the

additional costs associated with preventive maintenance, addressing deferred maintenance, and performing needed upgrades to utility and other systems that would be required over the long term if NSTI were to remain in its current condition.

Opportunity Cost to the Community

The combination of the existing blighting conditions in the proposed Project Area has prevented the development of NSTI to its highest and best civilian use, which burdens the community in several ways, including:

- Depriving the City and region of potential employment opportunities.
- Depriving the City and region of potential housing opportunities and contributing to an inadequate supply of quality affordable housing.
- Depriving the City and region of quality recreation opportunities and other needed public facilities.
- Depriving the City, County, education districts, and other affected taxing entities of revenues from increased property values, and resulting in increased costs to the City of maintaining existing inefficient buildings and infrastructure systems.
- Preventing the integration of the former NSTI into the City.
- Hindering the development of a stronger economic base for the community.

As discussed below, the costs of addressing the burden on the community are so substantial that these opportunities cannot be realized without the powers of redevelopment.

2. Necessity for Redevelopment

Private enterprise or government action, or both together, cannot reasonably be expected to reverse or alleviate the documented blighting conditions in the Project Area and the resulting community burden without the powers and tools of redevelopment. As discussed throughout the sections of this chapter documenting blighting conditions, the Development Program made possible by adoption of the proposed Redevelopment Plan is designed to alleviate the blighting conditions that prevent the development of NSTI for civilian use. The program of seismic and geotechnical improvements, removal of buildings not suitable for long-term viable economic reuse, replacement of deteriorated and outdated utility systems, and provision of new roadways and transit infrastructure is necessary to eliminate the existing blighting conditions and resulting physical and economic burden on the community.

As demonstrated in Chapters III and IV, the cost of alleviating blighting conditions in the Project Area is so substantial that private enterprise or government acting alone, or together, will not have the capacity to finance the needed geotechnical, infrastructure, transportation, and building improvements without the use of tax increment financing. TIDA's experience in reuse planning, dating back to 1994, has demonstrated that it is unlikely that the improvements necessary for the reuse of NSTI could be funded without a public/private partnership (such as contemplated with redevelopment) and an ambitious development program. This is further substantiated by third party appraisals and independent economic analysis, which have confirmed that the high infrastructure costs cannot be borne without substantial public contributions.

The cost to correct infrastructure deficiencies is generally financed by private sector development in California. A key component in determining whether private enterprise can act alone to

alleviate blight or whether governmental assistance is required is the capacity of the private sector to shoulder the cost of alleviating blight and correcting infrastructure deficiencies. When it is not financially feasible for the private sector to bear the cost of correcting infrastructure deficiencies, then either the development does not occur and there is no private investment, or the public sector must intervene.

The cost of reuse and development of the Islands will be extremely high as a result of the need for improving existing geotechnical conditions, roads, infrastructure, and buildings. It is improbable that these costs for making the necessary improvements to alleviate the blighting conditions outlined in this chapter could be entirely absorbed by a private developer or by the City. In order for the former military base to successfully be converted to civilian use, the necessary improvements will require a coordinated financing strategy involving public and private funding sources that include redevelopment tax increment, interim use revenues, Mello-Roos bonds, developer participation, and state and federal grants, as described in Chapter IV of this report. Without substantial investment in infrastructure and building improvements facilitated by redevelopment, the proposed Project Area will not stimulate development or attract the types of investment contemplated in the Development Plan necessary to alleviate blight.

III. Redevelopment Program

This chapter describes the proposed Redevelopment Program designed to implement the Redevelopment Plan. The projects and activities that make up the Redevelopment Program are designed to meet the objectives and requirements of the CRL as well as the goals and objectives of the Redevelopment Plan, and to alleviate the blighting conditions described in Chapter II.

A. Introduction

The Redevelopment Program consists primarily of the Development Program introduced in Chapter I. The cost of the Redevelopment Program is estimated at approximately \$1.9 billion in constant FY 2010/11 dollars over the 30-year period during which the Redevelopment Plan is effective.¹ The proposed Redevelopment Program emphasizes the elimination of blighting conditions and constraints that interfere with the conversion of the former military base to civilian use, and reflects the principles and objectives of the Development Plan. In order to implement the Redevelopment Program, the Planning Department and Board of Supervisors will be asked to consider amendments to the General Plan, Planning Code and Zoning Map to ensure consistency between those documents and the Redevelopment Plan.

1. Chapter Organization

This chapter is organized into the following sections:

- A. Introduction
- B. Redevelopment Goals and Objectives
- C. Description of Redevelopment Program
- D. Summary of Relationship Between Redevelopment Program and Blighting Conditions

Section B of this Chapter summarizes redevelopment goals and objectives of both the CRL and the Redevelopment Plan. Section C describes the Redevelopment Program categories, summarizes the redevelopment purpose of each category, shows how the projects and activities will alleviate blighting conditions, and provides cost estimates for the projects and activities. Section D summarizes how the Redevelopment Program as a whole will alleviate blighting conditions in the Project Area in order to meet the requirement of the CRL that the expenditure of tax increment revenues be linked to the elimination of blight.

Chapter IV describes tax increment financing and other funding sources that may be used to fund the proposed Redevelopment Program projects and activities described in this chapter.

¹ The project activities and costs described in this chapter are all associated with the Development Program, the primary component of the Redevelopment Program. Costs for the Marina Project and Ramps Project are not included.

2. Redevelopment Program Categories

The Redevelopment Program is organized into the following categories:

- Property Acquisition and Site Preparation
- Economic Development and Building Rehabilitation
- Infrastructure Improvements
- Public Facilities, Amenities and Services
- Public Transportation Improvements
- Other Development-Related Activities
- Affordable Housing Program

The Redevelopment Program contains projects and activities that focus on addressing existing blighting conditions that interfere with the conversion of NSTI from military to civilian use, including the need for site preparation and new infrastructure to support development, as well as the construction of new housing units to address the need for housing in the community, including units affordable to households of low and moderate income.

B. Redevelopment Goals and Objectives

The objectives of redevelopment, as described by the CRL, are to:

- Eliminate blight;
- Increase employment opportunities;
- Improve housing; and
- Create an improved economic and community environment.

The Redevelopment Plan will provide critical tools for eliminating blighting conditions in the Project Area, and will promote economic development through the provision of new public improvements and residential and commercial development. The Redevelopment Plan sets forth goals and objectives, redevelopment techniques, land use controls, and financing methods to achieve successful redevelopment of the Project Area. The goals of the Redevelopment Plan are generally to:

- Mitigate the economic, environmental and social degradation faced by the community due to the closure of NSTI, in accordance with the legislative intent expressed in the CRL and the Conversion Act.
- Implement the underlying goals, policies and objectives of the Reuse Plan, as updated by the Development Plan.
- Eliminate blighting influences and address the correction of environmental and infrastructure deficiencies in the Development Plan Area.
- Install new or replace existing public improvements, facilities and utilities in areas that are currently inadequately served with regard to such improvements, facilities and utilities.
- Replan, redesign, reuse, and redevelop portions of the Project Area that are stagnant and undeveloped, underdeveloped or improperly utilized.

- Assemble and subdivide land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation.
- Provide opportunities for participation by owners of land within the Project Area in the redevelopment of their properties, as applicable, subsequent to the disposition of any land by TIDA.
- Create housing for very-low, low and moderate-income households in the Project Area.
- Facilitate job training and job opportunities for all persons, but particularly the homeless, formerly homeless and other economically disadvantaged San Franciscans, including cooperation with TIHDI.
- Facilitate public transit opportunities to and within the Project Area, including ferry service.
- Strengthen the economic base of the Project Area and the community by installing needed site improvements to stimulate new revenue generating public uses, employment opportunities and economic growth.
- Provide adequate land and improvements for a variety of active and passive recreation facilities and open spaces, and for public facilities.
- Provide an environment for social and economic growth.
- Establish and implement standards and guidelines to achieve high quality architectural and urban design, environmental performance and other design objectives that provide unity and integrity to the entire Project Area.
- Preserve and adaptively reuse historically significant structures.

C. Description of Redevelopment Program

The Redevelopment Program consists of projects and activities to be undertaken in the Project Area, and is designed to eliminate blight and achieve successful reuse of NSTI. As discussed in Chapter I, the Redevelopment Program consists of three projects: the Development Program, the Ramps Project and the Marina Project. The proposed Development Program is the primary component of the Redevelopment Program, and includes:

- Geotechnical stabilization of certain portions of Treasure Island and the causeway connecting it to Yerba Buena Island, as well as addition of fill to raise the surface elevation on those portions of Treasure Island that are to be developed to address flood protection and potential future sea level rise;
- Additional environmental remediation if and as required to implement the other components of the Development Program;
- Up to approximately 8,000 residential units, including up to approximately 2,400 affordable units (30 percent of total units); of the affordable units, approximately 435 units would be supportive homeless housing units to be developed by TIHDI member organizations;
- Up to approximately 140,000 square feet of new commercial and retail space;
- Up to approximately 100,000 square feet of new office space;
- Adaptive reuse of Buildings 1, 2 and 3 on Treasure Island with up to 311,000 square feet of commercial/flex space (the adaptive reuse would include approximately 67,000 square feet of additional retail, which, when combined with the 140,000 square feet of new retail yields a total of 207,000 square feet of retail space proposed on the Islands);
- Rehabilitation of the historic buildings on Yerba Buena Island;

- Retention and reuse of the existing Chapel on Treasure Island in its existing location for general assembly and non-denominational religious activities;
- New hotel facilities, with up to approximately 500 hotel rooms;
- New and/or upgraded public facilities, including a joint police/fire station on Treasure Island, a public elementary school and other community facilities;
- New and/or upgraded public utilities, including the water distribution system, wastewater collection and treatment system, recycled water system, and storm water collection and treatment system;
- Approximately 300 acres of parks and public open space, including cultural uses such as a museum;
- New and/or upgraded streets and public ways;
- Bicycle, transit and pedestrian facilities;
- Facilities, both landside and waterside, for the Treasure Island Sailing Center;
- Landside services for the Treasure Island Marina; and
- A ferry quay/bus intermodal transit center (Transit Hub).

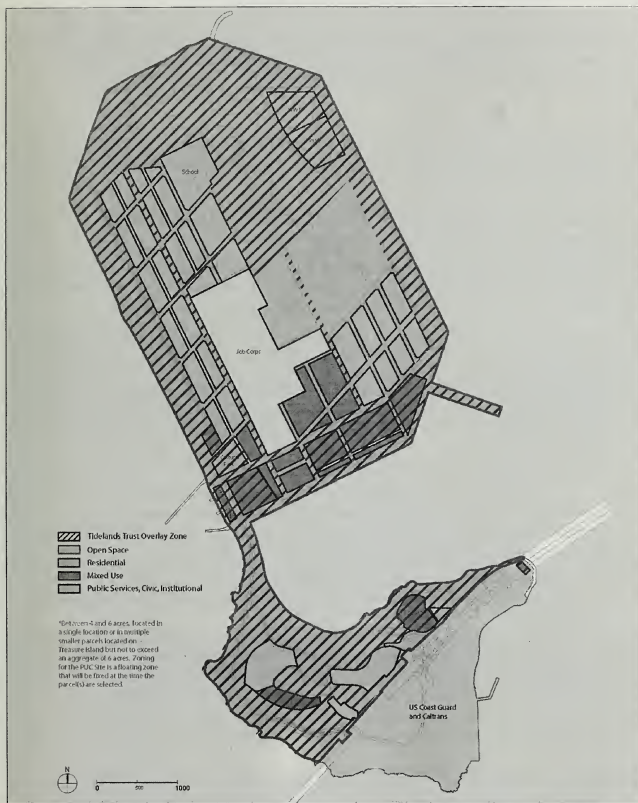
The Marina Project and Ramps Project described in Chapter I will be undertaken as part of the Redevelopment Program, but are not part of the Development Program described above.^{2,3}

The Proposed Land Use Plan is shown in Figure III-1. Buildout of the Redevelopment Program would be implemented in four or more phases, anticipated to occur from approximately 2012 through 2031, depending on market conditions. TIDA and TICD provided cost estimates for the Redevelopment Program by program category. The total cost to implement the Redevelopment Program, including cost contingency, is estimated at approximately \$1.9 billion in constant FY 2010/11 dollars. These cost estimates are preliminary and subject to refinement during implementation of the Redevelopment Plan; however, these estimates are adequate to provide a reasonable order of magnitude for evaluating financial feasibility and the need for tax increment financing.

² TIDA has entered into an Exclusive Negotiating Agreement and endorsed a Term Sheet with Treasure Island Enterprises, LLC (TIE) for redevelopment and expansion of the Treasure Island Marina. The Marina Project includes permanent waterside improvements for a 400-slip marina, a floating breakwater/public pier, temporary walkway and landscaping, temporary parking or loading zones, dredging in Clipper Cove, and the phased demolition of the existing marina. This project was analyzed in the 2006 Final EIR. Only the landside services necessary to support the Marina Project, including restrooms, laundry facilities, and other improvements to serve marina tenants, as well as the Treasure Island Sailing Center, a separate facility, are part of the proposed Development Program.

³ As described in Chapter I, the San Francisco County Transportation Authority (SFCTA) is proposing replacement of the westbound freeway ramps on the east side of the Yerba Buena Island tunnel and the seismic upgrade of the viaduct connecting the Yerba Buena Island causeway to the Bay Bridge westbound ramps and to Hillcrest Road. The Ramps Project is currently being studied by the SFCTA and the California Department of Transportation (Caltrans) for purposes of environmental clearance and project authorization.

Figure III-1
Proposed Land Use Plan
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Source: Perkins+Will, TIGD.



1. Property Acquisition and Site Preparation

This Redevelopment Program category includes payment to the Navy for the NSTI property and associated costs, building deconstruction and demolition activities, grading and soil compaction, geotechnical improvements, shoreline stabilization, perimeter berm and flood protection improvements, and hazardous materials remediation.

a. Redevelopment Purpose

As discussed in Chapter II, significant and extensive improvements are necessary to address seismic, geotechnical and flood protection issues to support redevelopment in the Project Area. These include grading, drainage, soil compaction, shoreline stabilization, perimeter berm strengthening, and geotechnical improvements to Treasure Island and the causeway linking the Islands. These improvements are necessary both to address existing site conditions and to proactively address future potential sea level rise.

Hazardous materials contamination also exists on the Islands. While the Navy is currently completing its cleanup efforts, as described in detail in Chapter II, additional remediation may be required in some areas to support the proposed Redevelopment Program uses.

Many of the existing buildings on the Islands were not built in accordance with current zoning, seismic, safety, structural, architectural, mechanical, and/or electrical standards, and some buildings contain hazardous materials. It is not cost effective to improve most of these buildings, and many of the existing buildings and uses are inconsistent with the uses permitted under the Tidelands Trust. Thus, most of the existing buildings in the Project Area, except for a few historically significant buildings, need to be removed in order to allow for economically viable reuse of the site.

b. Projects

The following projects are proposed as part of this Redevelopment Program category to remediate hazardous materials contamination to appropriate standards, deconstruct buildings, and correct seismic and geotechnical deficiencies in the Project Area:

- Complete remediation of the hazardous materials contamination as necessary to support the proposed Redevelopment Program uses, including any hazardous building materials encountered during building deconstruction.
- Implement seismic and flood protection improvements to the shoreline and perimeter berm around the Treasure Island shoreline, and to the causeway connecting the Islands.
- Provide seismic, grading and drainage improvements to the interior development areas on Treasure Island, including strategies to accommodate potential future sea level rise.
- Demolish/deconstruct all buildings not suitable for long-term reuse and/or that are inconsistent with the uses permitted under the Tidelands Trust.

c. Relationship to Blighting Conditions

The projects in this category are designed to alleviate the following blighting conditions documented in Chapter II:

- Unsafe or unhealthy buildings
- Factors inhibiting economically viable reuse of buildings or areas
- Infrastructure that does not meet current standards
- Materials or facilities that must be removed to allow development
- Buildings that will not comply with subdivision, zoning or planning regulations

d. Cost

The cost for property acquisition and site preparation, including seismic and geotechnical improvements, building demolition and deconstruction, and hazardous materials remediation, is estimated at approximately \$406 million in constant FY 2010/11 dollars.

2. Economic Development and Building Rehabilitation

This Redevelopment Program category includes projects and activities related to enhancing the economic viability of the Project Area and marketing the proposed commercial uses, as well as rehabilitation of existing historic structures.

a. Redevelopment Purpose

As discussed in Chapter II, several historic structures have commercial reuse potential. TIDA will work with TICD to promote the economic development of NSTI with plans to integrate public uses and commercial uses. It is anticipated that significant subsidies will need to be provided to support commercial uses during the buildout period. The existing historic buildings with reuse potential will also require rehabilitation to allow for their viable long-term adaptive reuse.

The closure of NSTI resulted in substantial job losses and reductions in local revenues. The proposed hotel, open space, office, and retail uses will attract visitors, expand business opportunities and provide additional employment in the Project Area.

b. Projects

The following types of economic development and building rehabilitation projects are anticipated to be undertaken as part of the Redevelopment Program:

- Rehabilitate and adaptively reuse Buildings 1, 2 and 3 on Treasure Island, and the SOQHD buildings, Quarters 10/Building 267, and Building 262 on Yerba Buena Island.⁴ The scope of rehabilitation would include:
 - Seismically retrofit the structures as required by building codes to minimize earthquake hazards to these structures.

⁴ One design alternative, Alternative 2B, being studied as part of the Ramps Project (which proposes to reconstruct the westbound on-and-off-ramps of the Bay Bridge), would require that Quarters 10 and Building 267 be either demolished or relocated. If this alternative is selected and implemented, the separate Ramps Project would be responsible for any such demolition or relocation and any structural work associated with that relocation. The Development Program proposes to rehabilitate the buildings, either in their current location or, if they are relocated, after that relocation occurs.

- Provide compliance with Title 24 disability standards and building safety upgrades, including fire and sprinkler equipment, lighting and other safety improvements, as necessary to comply with the City's building codes for structures to remain long-term.
- Provide loans or other financial assistance to enable establishment of neighborhood-serving commercial uses.
- Formulate a comprehensive economic development/marketing strategy to support the creation, attraction or expansion of businesses in the Project Area.
- Develop and implement a marketing and promotion program for general and special purpose buildings, maximizing exposure of available facilities.
- Promote the development of hotels within the Project Area.
- Provide public financing to stimulate private investment.

c. Relationship to Blighting Conditions

The projects in this category are designed to alleviate the following blighting conditions documented in Chapter II:

- Unsafe or unhealthy buildings
- Factors inhibiting economically viable reuse of buildings or areas
- Buildings that will not comply with subdivision, zoning or planning regulations

d. Cost

The cost for economic development and building rehabilitation projects and activities, including marketing and promotion and commercial subsidies, is estimated at approximately \$77 million in constant FY 2010/11 dollars.

3. Infrastructure Improvements

The Redevelopment Program will include various infrastructure improvements related to upgrading the existing circulation, access and utility systems serving the Islands. These infrastructure improvements are essential to facilitate redevelopment of the Project Area.

a. Redevelopment Purpose

As described in Chapter II, substandard, deficient and deteriorated public improvements and utility infrastructure are a serious blighting condition. The existing potable water, storm water, wastewater, electricity, and natural gas systems serving the Islands are inadequate, outdated, and insufficient to support new development. Furthermore, the distribution systems for these utilities are limited and inadequate to support the proposed uses. Circulation on the Islands is constrained and needs to be improved. The existing roadway infrastructure on the Islands is also deteriorated and does not meet current City standards. Access, circulation and roadway infrastructure all need to be improved to accommodate economically viable reuse of the military base.

b. Projects

The following projects are anticipated to correct infrastructure deficiencies in the Project Area as part of the Redevelopment Program:

- *Wastewater system.* Reconstruct or replace wastewater pipes and pump/lift stations to connect to the current and/or upgraded wastewater treatment plant.⁵
- *Recycled water system.* Construct a recycled water distribution system that connects the recycled water plant with end users of recycled water.⁶
- *Storm water system.* Reconstruct or replace storm water sewers, drains, pipes, and pump/lift stations; construct the storm water treatment wetland area, and other decentralized storm water treatment best management practices (BMPs).
- *Potable water system.* Improve the on-island water storage and distribution system and replace pipes; complete system wide upgrades, including improving pumping stations, replacing water mains, and adding valves and backflow preventers; and repair and/or replace water storage tanks.
- *Supplemental firefighting water system.* Provide a supplemental firefighting water system.
- *Natural gas and electricity systems.* Construct new joint trench for improved service to the Islands; construct new switchyard, substation and distribution systems to current standards.
- *Drainage.* Improve drainage and reduce the effects of runoff through the use of landscaping, storm water treatment BMPs, and wetlands areas for detention and treatment of runoff.
- *Traffic circulation.* Upgrade roadways, intersections and signalization; reconfigure the existing street and roadway system; and provide a pedestrian and bicycle circulation system.

c. Relationship to Blighting Conditions

The projects in this category are designed to alleviate the following blighting conditions documented in Chapter II:

- Factors inhibiting economically viable reuse of buildings or areas
- Infrastructure that does not meet current standards
- Materials or facilities that must be removed to allow development
- Buildings that will not comply with subdivision, zoning or planning regulations

d. Cost

The cost for infrastructure improvements, including wet and dry utility systems and roadway improvements, is estimated at approximately \$207 million in constant FY 2010/11 dollars. Some infrastructure improvements to the rate-based utility systems (e.g., water, wastewater, electricity, natural gas, telecommunications), such as payment for the new submarine electric cables from the East Bay, and the construction, operations and maintenance of a new on-island wastewater treatment plant and recycled water plant, are anticipated to be paid for by utility providers. Thus,

⁵ Construction of a new wastewater treatment plant is a separate project proposed by the SFPUC, and is not part of the Redevelopment Program.

⁶ Construction of a recycled water plant is a separate project proposed by the SFPUC, and is not part of the Redevelopment Program.

these costs are not included in the cost of the Redevelopment Program. However, costs to upgrade the large majority of on-site infrastructure are included in the Redevelopment Program.

4. Public Facilities, Amenities and Services

The Redevelopment Program includes the creation of new parks, open space and recreation facilities. New community facilities, including a public school and a joint police/fire station on Treasure Island, are also proposed. Finally, substantial landscaping will be provided along the new street and roadway system. Construction of these public facilities will be phased with buildout of the Development Program.

a. Redevelopment Purpose

All necessary public facilities and services require construction or improvement, as the City previously provided limited public services to NSTI. As the project is developed, these public facilities will be needed to support the growing population and economic base. Recreational facilities are also currently limited, and new and upgraded facilities are required. The proposed parks and open space improvements in the Project Area will provide amenities for the Islands, the City and the region.

b. Projects

The following projects are anticipated to correct deficiencies in public facilities, amenities and services in the Project Area as part of the Redevelopment Program:

- New joint police/fire station on Treasure Island.
- Facilities to support on-island operations and maintenance activities for parks and open space, as well as utilities and infrastructure providers.
- A public K-8 elementary school.
- Community recreation opportunities throughout the Project Area.
- Community parks, open space, greenways, and public gathering spaces.
- Pedestrian and bike pathways, museums and interpretive learning centers, live music and performing arts areas, restaurants and night clubs, sports fields and athletic facilities, and entertainment and retail space.
- Storm water treatment wetlands area in the northern portion of Treasure Island, which will attract visitors and serve as a wildlife habitat, as well as function as a retention and treatment facility for storm water runoff.
- Landside improvements to support the Marina Project.⁷
- Other facilities that may be required to support the proposed Redevelopment Program.

⁷ The Marina Project to expand the Treasure Island Marina to 400 slips is part of the overall Redevelopment Program, but not part of the Development Program. TIE estimates the cost of the Marina Project at approximately \$19.1 million in FY 2010/11 dollars.

c. Relationship to Blighting Conditions

The projects in this category are designed to alleviate the following blighting conditions documented in Chapter II:

- Unsafe or unhealthy buildings
- Factors inhibiting economically viable reuse of buildings or areas
- Infrastructure that does not meet current standards

d. Cost

The cost for proposed public facilities, amenities and services, including parks, open space, community facilities, landscaping, and police and fire protection, is estimated at approximately \$187 million in constant FY 2010/11 dollars.

5. Public Transportation Improvements

Limited public transportation options exist for travel to and from the Islands to the mainland, and for travel around the Islands. Public transportation and transit improvements are critical for the economic viability of the proposed development and for the successful redevelopment of the Project Area, as these improvements are necessary to attract employers, visitors and residents. Due to existing traffic congestion on the Bay Bridge at peak hours, substantial new development intensity would not be economically viable unless efficient public transit options were made available for trips to and from the East Bay and the San Francisco mainland.

a. Redevelopment Purpose

A comprehensive transportation program, including multi-modal transit service and a program of transportation demand management strategies, is proposed as part of the Redevelopment Program in order to provide necessary transit services and minimize automobile use. Alternative forms of transportation to and from the Project Area will be developed, such as new ferry service to San Francisco and expanded bus service, including new service to Oakland, as well as new transportation facilities to support these transit alternatives.

b. Projects

The following public transportation projects included in the Redevelopment Program are anticipated to allow for the development and the economic viability of the Project Area:

- Construct a new ferry terminal and inter-modal Transit Hub on Treasure Island, providing improved transit service to downtown San Francisco.
- Provide new and expanded bus service to the Islands from the East Bay and downtown San Francisco.
- Provide an on-island shuttle system.
- Implement transportation funding programs, such as congestion pricing, parking fees and transit pass fees, which will generate revenues to help offset transit operating costs.
- Construct other transportation and transit facilities and/or parking as needed.

c. Relationship to Blighting Conditions

The projects in this category are designed to alleviate the following blighting conditions documented in Chapter II:

- Factors inhibiting economically viable reuse of buildings or areas
- Infrastructure that does not meet current standards

d. Cost

Transportation and transit improvements will be phased with development. The cost for proposed transportation improvements, including transit fleet capital costs, new transportation facilities and parking, the ferry quay, and an interim operating subsidy, is estimated at approximately \$204 million in constant FY 2010/11 dollars.

6. Other Development-Related Activities

In addition to providing support for capital improvements in the early phases of development, funding is necessary for planning and entitlement, land development, property management, TIDA administration and management expenses, and interim maintenance of all grounds and facilities on the Islands.

a. Redevelopment Purpose

The 1996 Reuse Plan and the 2000 EDC Application were starting points in the planning process for the Project Area, which culminated in the Development Plan that provides the basis for this Redevelopment Plan and the terms of the proposed DDA between TIDA and TIDC. Additional planning and entitlement work has been undertaken concurrently with the preparation of this Redevelopment Plan in order to convert NSTI to civilian use, including, but not limited to: preparation of a project-level EIR; proposed amendments to the City's General Plan, Planning Code and Zoning Map; and preparation by TIDA of a Design for Development to be authorized by the Redevelopment Plan. The Design for Development will establish development standards and design guidelines for public and private development within the Development Plan Area.

b. Projects

The Redevelopment Program presents an opportunity to redevelop a large, underutilized area of the City. TIDA is responsible for planning for the redevelopment of the Project Area in a manner consistent with the Development Plan, the Design for Development, and the City's General Plan. Detailed planning objectives, policies and design standards and guidelines have directed this redevelopment planning process.

Implementation of the Redevelopment Program will require work by many professionals, including individuals with expertise in planning, public improvements, design, construction, building rehabilitation, financing, and real estate development. Among other tasks, TIDA will administer processing of major project phases, review of infrastructure and vertical development submittals, issuance of public financing, implementation of a large portion of the affordable housing program, and overall coordination of the Redevelopment Program. As discussed in Chapter IV, TIDA may receive a small portion of the tax increment revenue for costs associated with Redevelopment Program administration.

A substantial amount of work directly related to implementation of the Redevelopment Program will be provided by TICD, and will be supported by a combination of public and private redevelopment funding sources.

c. Relationship to Blighting Conditions

The projects in this category are designed to alleviate the following blighting conditions documented in Chapter II:

- Unsafe or unhealthy buildings
- Factors inhibiting economically viable reuse of buildings or areas
- Infrastructure that does not meet current standards
- Materials or facilities that must be removed to allow development
- Buildings that will not comply with subdivision, zoning or planning regulations

d. Cost

Other development-related costs and activities, including property taxes, closing costs and development management costs, and planning and entitlement, property and asset management, and TIDA Administration activities, are estimated at approximately \$193 million in constant FY 2010/11 dollars.

7. Affordable Housing Program

Provision of affordable housing is a critical part of the Redevelopment Program, and will help the City meet its goal of providing housing opportunities for households at a wide range of income levels.

a. Redevelopment Purpose

Section 33334.2 of the CRL requires that a redevelopment agency set aside at least 20 percent of gross tax increment revenue from a project area and deposit those funds into a Low and Moderate Income Housing Fund (Housing Fund) to increase or enhance the community's supply of affordable housing. In accordance with this requirement, TIDA will set aside 20 percent of gross tax increment revenues generated by the properties within the Project Area for affordable housing projects.

b. Projects

As described in Chapter IV, TIDA expects to issue bonds secured by and repaid from the Housing Fund and combine these bond proceeds with private capital and other affordable housing-specific funding sources in order to implement the affordable housing program. The affordable housing program activities will implement the provision of the CRL that requires enhancement of affordable housing opportunities in the community for low and moderate-income households earning at or below 120 percent of area median income, with particular emphasis on those households earning at or below 50 percent of area median income.

An important goal of the affordable housing program is to provide housing affordable to a range of household incomes and household types (e.g., families, seniors, singles, and formerly

homeless). As described in the Development Plan, three sources of affordable housing will be provided on the Islands to meet this goal: Inclusionary, TIHDI and Authority units.⁸ The affordable housing program proposes up to approximately 2,400 affordable units (approximately 30 percent of all new units), with at least six percent of all new units affordable to very-low income households. Approximately 435 of the new affordable units would be supportive homeless housing units to be developed by TIHDI member organizations.

c. Relationship to Blighting Conditions

In addition to providing new housing opportunities, the affordable housing program will have the added purpose of alleviating the following blighting conditions documented in Chapter II:

- Unsafe or unhealthy buildings
- Factors inhibiting economically viable reuse of buildings or areas
- Buildings that will not comply with subdivision, zoning or planning regulations

d. Cost

The cost of the affordable housing program is estimated at approximately \$602 million in constant FY 2010/11 dollars. This figure covers the design and vertical construction costs. In addition, approximately \$227 million of the horizontal development costs (i.e., site preparation and infrastructure improvements from the non-housing program) will support the construction of affordable housing.

D. Summary of Relationship Between Redevelopment Program and Blighting Conditions

This section summarizes how the Redevelopment Program will alleviate blighting conditions in the Project Area in order to meet the CRL requirement that the expenditure of tax increment revenues be linked to the elimination of blight. As documented in Chapter II, the Project Area suffers from a variety of blighting conditions that must be alleviated if the area is to be revitalized. The proposed Redevelopment Program will address the blighting conditions described in Chapter II.

In general, the proposed projects and activities meet the objectives of the CRL, and will:

- Facilitate the conversion of NSTI from military to civilian uses.
- Help to eliminate blighting conditions that prevent the effective use of buildings or lots.
- Upgrade buildings and infrastructure to enhance the health, safety and welfare of the community.
- Increase employment opportunities in the Project Area.
- Expand the supply of affordable housing for low and moderate-income households and families in the City.

⁸ As described in the Update to Development Plan and Term Sheet for the Redevelopment of Naval Station Treasure Island, pp. 9-10, Authority units are affordable units not developed by TIHDI or by market-rate developers as Inclusionary units.

- Stimulate private investment in the Project Area.
- Provide tax increment funds for the redevelopment activities that are needed to alleviate blighting conditions.

Table III-1 provides a matrix summarizing the cost of the Redevelopment Program by category, and the relationship between the blighting conditions described in Chapter II and the Redevelopment Program projects and activities described in this chapter. As described in Chapter IV, a variety of funding sources will be used to pay for the Redevelopment Program, including tax increment revenue, Mello-Roos Community Facility District bonds, private investment, and other public and private funding sources.

Table III-1
Estimated Cost of Redevelopment Program and Relationship to Alleviating Blighting Conditions
(In Constant FY 2010/11 Dollars)
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

	Estimated Cost	Blighting Condition				
		Unsafe or Unhealthy Buildings	Factors Inhibiting Economically Viable Reuse	Infrastructure That Does Not Meet Current Standards	Materials or Facilities that Must Be Removed	Buildings that Will Not Comply with Subdivision, Planning or Zoning Regulations
Redevelopment Program Category						
Property Acquisition and Site Preparation	\$406,000,000	■	■	■	■	■
Economic Development and Building Rehabilitation	\$77,000,000	■	■			■
Infrastructure Improvements	\$207,000,000		■	■	■	■
Public Facilities, Amenities and Services	\$187,000,000	■	■	■		
Public Transportation Improvements	\$204,000,000		■	■		
Other Development-Related Activities	\$193,000,000	■	■	■	■	■
Affordable Housing Program ^a	\$602,000,000	■	■			■
Total	\$1,876,000,000					

a. Includes cost of vertical construction only. Approximately \$227 million of horizontal development costs in the Project Area will support affordable housing.

Source: TIDA, TICD, Seifel Consulting Inc.

IV. Proposed Methods of Financing and Feasibility

This chapter describes the proposed financing for the Redevelopment Program. Implementation of the Redevelopment Program will require funding from many sources, both public and private. The analysis in this chapter supports the conclusion that tax increment financing made possible through the Redevelopment Plan is a necessary part of the overall financing program to eliminate blighting conditions in the Project Area and successfully convert NSTI to civilian use.

A. Introduction

This chapter identifies potential resources and methods of financing available to TIDA to accomplish the Redevelopment Program.¹ It then explains tax increment financing and summarizes the methodology used to project the tax increment revenues that would be available to TIDA through the life of the Redevelopment Plan. Finally, it analyzes the financial feasibility of the Redevelopment Program. All projections of costs, funding amounts and revenue sources in this Report to Board are current estimates and are subject to change during the implementation of the Redevelopment Program.

Significant capital investment will be required to alleviate the blighting conditions and stimulate private investment in the Project Area. While TIDA will pursue all potential funding sources, no single funding source or combination of sources that does not include tax increment will be sufficient to accomplish the redevelopment activities necessary to alleviate the blighting conditions in the Project Area. Together with other public and private revenue sources, tax increment financing will be the critical funding component in helping TIDA pay for the costs required to implement the Redevelopment Program. Chapter IV demonstrates that without the use of tax increment financing, the elimination of blight could not be achieved by the private sector alone, the public sector alone, or the public and private sectors working together. Redevelopment financing based on the tax increment generated by the Project Area is needed to accomplish the Redevelopment Program.

1. Chapter Organization

This chapter is organized into the following sections:

- A. Introduction
- B. Potential Funding Sources
- C. Tax Increment Financing
- D. Assumptions Used In Tax Increment Projections
- E. Tax Increment Projections
- F. Financial Feasibility of the Redevelopment Program
- G. Reasons Why Tax Increment Financing Is Necessary

¹ As discussed in Chapter I and Chapter III, the Development Program is the primary component of the Redevelopment Program. The project activities and costs described in this chapter are all associated with the Development Program. Other components of the Redevelopment Program will be funded primarily from sources other than tax increment financing.

2. Stimulation of Private Investment

A major goal of the Redevelopment Program is to stimulate private investment within the Project Area, particularly through the implementation of the Development Program. Public investment in the form of tax increment financing will be used to leverage private investment.

Private investment is anticipated to fund certain infrastructure improvements, new construction of residential and commercial buildings, rehabilitation of existing buildings, construction of parks and open space, and other enhancements of the Project Area. Although private investment in the early years of the Redevelopment Plan is expected to fund improvements before public financing is available, this early investment of private funds requires the certainty that tax increment will be committed to fund the remaining portions of the Redevelopment Program. Without this certainty, the extent of blighting conditions and needed improvements would prevent the private sector from making its initial investment. Therefore, implementation of the Redevelopment Program through the use of tax increment financing provides the most feasible opportunity for stimulating private investment in the Project Area.

3. Creating Public Benefits

The Redevelopment Program will deliver an extensive package of public benefits to the Project Area, the City and the region. It will create a new San Francisco neighborhood and regional destination, including a substantial amount of new public open space and parks, sustainable design features, and new and improved community and public facilities. The Redevelopment Program will connect the Project Area to the existing community through transit investments, including new bus and ferry service, making the new amenities in the Project Area more accessible to the residents of the City and the region and making existing amenities in San Francisco more accessible to residents of the Project Area.

The Redevelopment Program will also foster job creation through public and private investment in infrastructure upgrades and new construction. Lastly, it will increase the supply of affordable housing in the Project Area. The current budget for the Development Program includes approximately \$92 million (in constant FY 2010/11 dollars) in gap funding provided by the Developer for the TIHDI and TIDA housing units. Furthermore, \$227 million (in constant FY 2010/11 dollars) of the infrastructure and site preparation costs will support the affordable housing program. These developer contributions will supplement the 20 percent housing set-aside of tax increment and other public and private funding sources dedicated to affordable housing.

4. Estimated Funding Requirements for the Redevelopment Program

The implementation of the Redevelopment Program will require substantial funding. Chapter III describes this program of projects and activities in each category, and summarizes the costs of each program category. The estimated total cost of the Redevelopment Program is approximately \$1.9 billion in constant FY 2010/11 dollars, as shown previously in Table III-1. As described in Section B below, both tax increment and non-tax increment funding sources will be used to implement the Redevelopment Program. The total cost to be funded by tax increment is estimated to be approximately \$529 million in constant FY 2010/11 dollars. This figure includes expenditures on site preparation, economic development and building rehabilitation, infrastructure, public facilities, transportation, affordable housing, and other development-related activities, as described in Chapter III. Table IV-1 shows the estimated costs of each component of

the Redevelopment Program, broken out by anticipated tax increment and non-tax increment funding requirements.

Table IV-1
Estimated Funding Requirements for the Redevelopment Program
Constant FY 2010/11 Dollars
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Redevelopment Program Category	Tax Increment Funding	Other Funding Sources	Total Estimated Cost
Property Acquisition and Site Preparation	\$143,000,000	\$263,000,000	\$406,000,000
Economic Development and Building Rehabilitation	\$36,000,000	\$41,000,000	\$77,000,000
Infrastructure Improvements	\$97,000,000	\$110,000,000	\$207,000,000
Public Facilities, Amenities and Services	\$74,000,000	\$113,000,000	\$187,000,000
Public Transportation Improvements	\$64,000,000	\$140,000,000	\$204,000,000
Other Development-Related Activities ^a	\$7,000,000	\$186,000,000	\$193,000,000
Affordable Housing Program ^b	\$108,000,000	\$494,000,000	\$602,000,000
Total^c	\$529,000,000	\$1,347,000,000	\$1,876,000,000

a. Includes the cost of TIDA administration of the Redevelopment Program.

b. Includes cost of vertical construction only. Approximately \$227 million of horizontal development costs in the Project Area will support affordable housing.

c. Includes costs for the Development Program only. Does not include costs for the Marina Project or Ramps Project.

Source: TIDA, TICD, Seifel Consulting Inc.

B. Potential Funding Sources

The Redevelopment Plan authorizes TIDA to finance the Redevelopment Program using all available funding sources, including local, state, regional, and federal sources. TIDA, in collaboration with TICD, will make every effort to obtain funding sources in addition to tax increment as a means to accelerate the implementation of the Redevelopment Program.

This section describes the primary funding sources that will be necessary to complete the redevelopment of NSTI, and also outlines a wide range of alternative funding sources that may be available to assist in financing the Redevelopment Program. This section summarizes each potential source, and evaluates the likelihood that the source could generate revenues for use in the Project Area. Some sources described below may generate more funds than estimated, while others may generate less. On balance, the estimates of alternative revenues provide an initial assessment of funding availability to determine the need for tax increment revenue to fill the funding gap in the Redevelopment Program costs.

Primary sources are those sources that are critical for successful implementation of the Redevelopment Program. TIDA and TICD have assumed the availability of these sources in developing the cost estimates for the Redevelopment Program. Secondary sources are expected to fund specific projects and activities of the Redevelopment Program for which cost estimates have not been generated because principal financing will come from parties other than TIDA or TICD. Supplementary sources include a number of federal, state, local, and private funding sources that

could be used for a variety of components of the Redevelopment Program, but their availability is uncertain at this time. Appendix G includes the full list of funding sources that might be available to assist in financing the Redevelopment Program. This list includes the name of each potential source, the responsible entity and a summary description.

1. Primary Funding Sources

The primary funding sources expected to fund the Redevelopment Program are tax increment, Community Facilities District special taxes, private investment, several additional sources dedicated to affordable housing, and Certificates of Participation as an interim primary source. These sources will provide the backbone of funding in the Project Area, and they are included in the budget for the Development Program.

a. Tax Increment

Tax increment (TI) revenue generated by the increase in property values within the Project Area will be the largest single primary funding source available to support the Redevelopment Program. Tax increment financing will be authorized by the adoption of the Redevelopment Plan for the Project Area. TIDA may issue bonds secured by and repaid from tax increment revenues to fund the Redevelopment Program. Eligible uses of funds include projects and activities that contribute to the elimination of blighting conditions within the designated Project Area and to the creation of affordable housing. Section IV.C below describes tax increment financing in more detail.

b. Mello-Roos Community Facilities District (CFD)

The most common method for imposing special taxes in California is through a parcel tax levied pursuant to the Mello-Roos Community Facilities Act of 1982 (the Mello-Roos Act), which authorizes certain public entities to form a Community Facilities District (CFD). The Mello-Roos Act authorizes the formation of a special tax district to finance capital improvement projects and pay for ongoing operations and maintenance. A CFD can be formed in conjunction with the establishment of a redevelopment project to undertake new public projects of joint benefit. In addition to financing site-specific improvements, a CFD may finance improvements that provide a general, area-wide benefit. Property owners may approve a CFD and the corresponding parcel tax if there are fewer than 12 registered voters living in the proposed taxing district. Mello-Roos parcel taxes are levied on real property and collected on the county property tax bills. The special taxes are calculated pursuant to a formula that is established during the formation proceedings and is part of the voter approval. Mello-Roos taxes are commonly based on the size of property or the improvements on the property.

It is anticipated that TIDA or the City would issue Mello-Roos CFD bonds once infrastructure construction begins. The bonds would be secured by the special taxes on privately owned land and improvements. These bonds can be issued before the Project Area has generated sufficient tax increment to pay for redevelopment activities through tax increment, and thus they would provide early financing for the public infrastructure needed to accelerate the redevelopment process. Several redevelopment project areas in San Francisco have employed CFDs as funding sources for redevelopment activities, including the Mission Bay North and South Redevelopment Project Areas. Revenues generated through the sale of Mello-Roos CFD bonds are expected to

provide significant funding for the redevelopment of the Project Area and will be key to the timely implementation of infrastructure improvements necessary for further development.

c. Private Investment

It will take several years before the Project Area will generate sufficient tax increment to pay for redevelopment activities, and Mello-Roos CFD bonds will not be issued until after construction begins. Therefore, to initiate the redevelopment activities, private capital is required. Private investment has been used to help fund redevelopment activities in many communities and is expected to contribute a significant amount to the redevelopment of the Project Area. However, the total Project Area needs over time are expected to far outstrip the ability of the private sector to finance the Redevelopment Program without the use of tax increment financing.

d. Additional Sources Dedicated to Affordable Housing

Since affordable housing makes up such a significant portion of the Redevelopment Program, TIDA and TICD have identified several additional sources that are expected to contribute to the affordable housing activities, each of which is discussed below. These sources will supplement the tax increment and private investment that will be dedicated to affordable housing. In addition, TIDA intends to actively seek funding from other affordable housing programs, to the extent such programs are appropriate for the Project Area and become available in the future.

Project-Generated Jobs-Housing Linkage Fee

The Jobs-Housing Linkage Fee is a development impact fee that will be charged by TIDA on certain kinds of new private commercial development within the Project Area. This fee helps mitigate the increased need for affordable housing that stems from new commercial development. The Disposition and Development Agreement between TIDA and TICD will require that this fee be charged on commercial development in the Project Area, and that fees collected from commercial development within the Project Area will be used to fund a portion of the new affordable housing to be built in the Project Area.

Low Income Housing Tax Credits (LIHTC)

The Low Income Housing Tax Credit (LIHTC) Program allows investors to contribute equity to affordable housing projects in exchange for tax relief. The California Tax Credit Allocation Committee (CTCAC) administers two types of federal tax credits. Both programs allow developers to generate tax credits over a 10-year period and "sell" them to private investors to partially cover the upfront costs of new construction or rehabilitation. The "9 percent tax credit program" is a competitive program that covers approximately 70 percent of an affordable housing project's total eligible costs, while the "4 percent tax credit program" is a non-competitive program that covers approximately 30 percent of eligible project costs. The "4 percent tax credit program" must be used in conjunction with tax-exempt private activity bonds, discussed below. Affordable units in projects receiving federal tax credits in California must remain affordable to households at or below 60 percent of area median income (AMI) for 55 years. Rent in these units is restricted to 30 percent or less of 60 percent of AMI.

Tax-Exempt Private Activity Bonds

Tax-exempt private activity bonds provide low-interest construction and permanent financing for affordable housing projects. The California Debt Limit Allocation Committee (CDLAC) allocates

bond capacity to projects through a competitive process. Recipients of this type of bond allocation benefit from the lower interest rates associated with tax-exempt debt, and they automatically qualify for the "4 percent tax credit program."

Federal Housing Capital Advances

The United States Department of Housing and Urban Development (HUD) sponsors several programs that provide capital advances for the construction of affordable housing projects. These programs target seniors, the disabled, and/or very low-income families and individuals. One such program is the Section 202 program, which provides capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for very low-income elderly persons. Section 202 capital advances are interest-free funds to private, nonprofit sponsors to finance the development of supportive housing for the elderly. The capital advance does not have to be repaid so long as the project serves very low-income elderly persons for 40 years. Section 202 capital advances or a similar federal program may contribute to the age-restricted affordable rental units constructed in the Project Area.

State Low Interest Housing Loan Programs

The California Department of Housing and Community Development (HCD) sponsors a variety of financing programs that provide low interest loans to qualified affordable housing developments. These loan programs have generally been made possible through the issuance of state-wide voter-approved housing bonds. Most recently, the Multifamily Housing Program (MHP) has been the state's largest source of low interest permanent financing for new or rehabilitated affordable rental housing. MHP loans have a 55-year term and accrue 3 percent simple interest. There is a minimum required annual payment of 0.42 percent of the loan amount and the rest of the payments are deferred. Funds from the MHP or other similar programs are anticipated to contribute to the family-sized and/or special needs affordable rental units constructed in the Project Area.

Federal Home Loan Bank

The Federal Home Loan Bank (FHLB) of San Francisco sponsors an Affordable Housing Program (AHP), which provides grants and subsidized loans to support affordable rental housing and homeownership opportunities for very low, low, and moderate-income households. Banks that are FHLB members may apply for AHP funds on behalf of an affordable housing project and then grant or lend those funds to the project. AHP gap financing is typically a small portion of the total financing for an affordable housing project (for example, \$10,000 per unit).

2. Secondary Funding Sources

Secondary sources will fund certain Redevelopment Program projects and activities that are not expected to rely upon tax increment revenues and thus are not included in the cost estimates for the Redevelopment Program. TIDA will work with each source individually to secure the necessary financing for each project. This section describes the likely projects and sources.

a. Utility Providers

Local utility providers may finance some of the necessary utility infrastructure improvements. Some of these improvements may ultimately be funded by utility rates paid by consumers. These

utility improvements are anticipated to include, but are not limited to: a submarine electric cable, off-site electrical transmission improvements, components of telecommunication systems, off-site water supply infrastructure, the wastewater treatment facility, and the recycled water plant on Treasure Island.

b. Parks and Open Space Funding Sources

TIDA and TICD intend to partner with private third-party entities to fund and operate certain components of the open space system. These components could include, but would not be limited to, a regional sports park and the regionally serving natural open space in the northern corner of Treasure Island. These two components could potentially be funded and operated by a sports park operator and a parks and open space conservancy, respectively.

California has numerous examples of regional sports facilities that have been successfully developed and operated in an economically self-sufficient manner through operating/lease agreements between local governments and private third-party operators. Also, many examples exist across the country of parks conservancies working with local governments to provide both capital and operating funds for large parks.

In addition to private fundraising efforts, the conservancy would work with TIDA and TICD to identify and secure additional sources of funds including leases, revenue share agreements with concessionaires, special events and user fees, grants, and/or other local, state and federal park funding programs. A conservancy may also participate in the design, development, construction, programming, and on-going operations and maintenance of certain components of the parks and open space system.

c. Certificates of Participation

Certificates of Participation (COPs) are a method of financing public facilities in which an investor receives lease revenue payments over the course of the development period in exchange for an upfront investment in a capital project. At the end of the development period, the lease payments cease and the public entity is the owner of the public project. It is anticipated that certain public facilities within the Project Area, including the police/fire station and public parking garages, may be financed using COPs. The payments on these COPs would be paid by project-generated sources, which may include a combination of developer equity, tax increment and other sources.

3. Supplementary Funding Sources

Supplementary funding sources could include a number of grant and loan programs administered by various public and private entities that typically have a narrow focus and may provide additional funding for portions of the Redevelopment Program. Such sources could be used for infrastructure, economic and community development, business support and expansion, educational facilities, housing support, arts and cultural programs, and other public improvements. However, the availability and amount of any one funding source is uncertain and therefore not included in the cost estimates for the Redevelopment Program. Appendix G describes more than 60 potential supplementary funding sources.

4. Funding Sources Considered to be Unavailable or Unlikely

As permitted by law, TIDA can utilize local, state and federal government funds, and also funds from private sector sources. However, any sources other than those included in Appendix G are considered unavailable or unlikely. In particular, given the current economic climate and the pressure on the City budget, the City General Fund cannot be relied on as a source of funding to alleviate the blight documented in Chapter II.

C. Tax Increment Financing as a Primary Source of Funding

Considering the availability and value of other potential funding sources reviewed and described in Section B and Appendix G, tax increment revenue generated by the increase in property values within the Project Area will be a primary source of funding for the Redevelopment Program. Based on the assumptions outlined in this chapter, the tax increment revenues generated over the tax increment collection period of the Redevelopment Plan are projected to be sufficient to meet the costs of the Redevelopment Program that cannot reasonably be financed from other sources.

TIDA will also be authorized to obtain advances, borrow funds and create indebtedness in various forms, including the issuance of bonds. Tax allocation bonds secured by and repaid from tax increment revenues are expected to be the primary mechanism through which tax increment financing will fund the Redevelopment Program.

The remainder of this section provides basic information about the use, collection and distribution of tax increment revenue in the Project Area.

1. Using Tax Increment Revenue to Eliminate Blighting Conditions

The primary purpose of redevelopment is the elimination of physical and economic blighting conditions affecting a project area. The implementation of the Redevelopment Program will remove blighting conditions, eliminate constraints to the productive reuse of the Project Area and integrate it into the surrounding community.

Chapter II presents evidence of substantial and pervasive blighting conditions in the Project Area, which the Redevelopment Program described in Chapter III is specifically designed to alleviate. The use of tax increment revenue is the most appropriate means of providing sufficient funding for the Redevelopment Program.

2. Stabilizing and Enhancing the Property Tax Base

As federal lands at NSTI are transferred to private ownership and redeveloped, the resulting increase in property value will generate significant tax revenue. In most redevelopment project areas, including military bases, the incremental increases in tax revenue are used to fund public infrastructure and facilities and leverage new private investment, resulting in further increases in property values. This public reinvestment leads to the long-term ability of taxing entities in San Francisco, such as the San Francisco Unified School District and the City and County, to collect property taxes they would not have realized without redevelopment.

3. Establishing a Base Year and Base Year Assessed Value

The first major step in the implementation of a tax increment financing program is the establishment of the base year and base year assessed value for the project area. This step occurs at the time of redevelopment plan adoption. The base year for the Project Area will be the fiscal year in which the Redevelopment Plan is approved, expected to be FY 2010/11. The base year assessed value is the total value of taxable property within the boundaries of the Project Area at the time of the plan adoption. The tax roll used is formally called the “base year assessment roll,” but it is commonly known as the “frozen base.” It is the baseline from which changes in assessed value resulting from redevelopment of the Project Area in future years are measured. Future property taxes generated from increases over the base assessed value are referred to as incremental taxes or tax increment revenues.

The frozen base includes the total value of all taxable property that appears on the secured, unsecured and utility tax rolls. The unsecured tax roll includes the taxable value of any possessory interest. A possessory interest is the private right to possession of land or improvements, typically created by a long-term leasehold interest in property. In appraising a possessory interest, the county assessor seeks to value the present worth of the payment stream from the use of a property to the holder of the possessory interest over the term of possession. The frozen base value of the Project Area will consist entirely of taxable value from possessory interest in publically owned property, as NSTI is currently owned by the federal government.

4. Project Time and Fiscal Limits

CRL Section 33492.13 imposes specific time and fiscal limits on particular redevelopment activities, which are summarized below. Table IV-2 presents the proposed time and fiscal limits for the Project Area. These limits will affect the amount of tax increment revenue TIDA can receive, as follows:

- **Time Limit to Receive Tax Increment and Repay Debt**

TIDA can collect tax increment for 45 years from the date that the San Francisco Controller (acting in its capacity as the County Auditor) certifies as the final day of the fiscal year in which TIDA first receives \$100,000 or more in tax increment revenues, pursuant to Section 33492.9 (County Auditor Certification Date). TIDA is projected to receive more than \$100,000 in tax increment starting in FY 2013/14. Therefore, if June 30, 2014 is the County Auditor Certification Date, tax increment collection will continue through FY 2058/59.

TIDA can collect tax increment for 45 years to repay debt. Thus, TIDA has 25 years to repay bonds issued in year 20, the last allowable year for issuance of debt. TIDA can continue to repay debt for 15 years after it has completed all redevelopment activities.

- **Time Limit to Incur Debt**

TIDA's ability to incur debt is limited to 20 years from the County Auditor Certification Date.

- **Time Limit to Implement Redevelopment Program**

TIDA must complete all redevelopment activities within 30 years from the County Auditor Certification Date. This is also referred to as the time limit for plan effectiveness.

- **Fiscal Limit on Amount of Tax Increment Collection**

The Redevelopment Plan must establish a limit on the amount of tax increment revenue collected by TIDA over the life of the Redevelopment Plan. This limit is also known as the "tax increment cap." For the Project Area, this limit will be \$8.0 billion.

- **Fiscal Limit on Amount of Outstanding Bonded Indebtedness**

The Redevelopment Plan must include a limit on the total amount of outstanding bonded indebtedness secured by tax increment revenue, also known as the "bond limit." For the Project Area, this limit will be \$1.5 billion.

Fiscal Limits on Tax Increment Collection and Outstanding Bonded Indebtedness

TIDA needs to be able to collect tax increment throughout the life of the Redevelopment Plan in order to accomplish the Redevelopment Program. As described in more detail below, build out is expected to occur over the first 20 years of the plan based on bonds issued and repaid from tax increment revenues collected over the full 45 year period. Therefore, the tax increment collection limit is set at \$8 billion (in nominal dollars). This limit is based on the potential maximum build out of the Development Program, an inflationary growth contingency factor to account for the cost of borrowing, and the growth in development values likely to occur as part of the overall economic recovery. With the proposed limit on tax increment, TIDA expects that it can accomplish the goals of the Redevelopment Program even if costs increase in the future.

While estimating the precise bonding capacity required over time is difficult, the limit on the total amount of outstanding bonded indebtedness secured by tax increment revenue of \$1.5 billion (in nominal dollars) is expected to provide TIDA with the necessary funds to invest in the Project Area and accomplish the goals of the Redevelopment Program. Similar to the tax increment collection limit, this bond limit also includes an inflationary growth contingency factor and accounts for increases in new development values. This limit will allow TIDA to issue bonds in excess of current projections if funding requirements increase due to cost inflation.

**Table IV-2
Proposed Time and Fiscal Limits
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption**

Background Information	
Date of Adoption	Spring 2011 ^a
Base Year (FY 2010/11) Assessed Value ^b	\$10,309,743
County Auditor Certification Date ^c	Last day of first fiscal year in which TIDA is anticipated to collect \$100,000 in tax increment revenue.
Pass-Through Payments ^d	Calculated from County Auditor Certification Date rather than first year that TIDA receives tax increment revenue.
Time Limits	
Incurring Debt	20 years from County Auditor Certification Date
Plan Effectiveness (Project Activities)	30 years from County Auditor Certification Date
Tax Increment Collection	45 years from County Auditor Certification Date
Financial Limits	
Tax Increment Cap ^e	\$8 billion
Bond Limit	\$1.5 billion

a. Assumes Redevelopment Plan adoption in Spring 2011. Adoption date will be formalized when the ordinance is adopted.

b. According to the Report of the County Fiscal Officer.

c. Per CRL Section 33492.9. The first year in which tax increment collection is projected to exceed \$100,000 is FY 2013/14. Thus, the County Auditor Certification Date is expected to be June 30, 2014.

d. Per CRL Section 33492.15. Tier One pass-through payments are anticipated to begin in FY 2014/15, Tier Two payments in FY 2024/25, and Tier Three payments in FY 2044/45.

e. This fiscal limit is required per CRL Section 33492.13.

Source: TIDA, TICD, Seifel Consulting Inc.

5. Distribution of Property Taxes During Project Implementation

Following the adoption of the Redevelopment Plan, all of the entities that levy taxes in the Project Area will continue to receive all property tax revenues derived from the Project Area base year assessed value. In addition, the taxing entities will receive a portion of the property tax revenues generated from the increase in assessed value in the Project Area over the base year assessed value, known as statutory pass-through payments.

As indicated by the Controller in the Report of the County Fiscal Officer (Appendix I), the following entities levy taxes in the Project Area:

- City and County of San Francisco
- San Francisco Unified School District (SFUSD)
- San Francisco Community College District (SFCCD)
- Bay Area Rapid Transit (BART) District
- Bay Area Air Quality Management District (BAAQMD)

The CRL sets forth standard formulas for the calculation of statutory pass-through payments for plans adopted or amended after 1993. Each entity receives a payment in proportion to its property tax levy in each project area at the time of plan adoption or amendment. The pass-through payments constitute the State Legislature's determination of the payments necessary to alleviate any financial burden of a redevelopment program to affected taxing entities. The calculation of statutory pass-through payments is further described in Section D.6 below.

Future increases in property tax revenues above the base year assessed value, after payment of statutory obligations, are allocated to TIDA to be used to fund the costs of implementing the Redevelopment Program. TIDA may pay for the project on an ongoing (pay-as-you-go) basis, or it may borrow funds (issue bonds) to be repaid by future tax increment revenues. Given the substantial upfront capital requirements of implementing the Redevelopment Program, TIDA is primarily intending to issue bonds to pay for redevelopment, although some components could be financed on a pay as you go basis.

6. Distribution of Property Taxes After Project Completion

When a redevelopment project is completed and loans or other indebtedness have been repaid, all property taxes flow to the respective taxing entities. Taxing entities benefit from increases in property tax revenues resulting from a revitalized and redeveloped project area. In situations where the base assessed value is stagnant and reuse would not be likely to occur without redevelopment, as is the case in the Project Area, taxing entities are expected to receive much higher revenues during and after the redevelopment implementation period than they would have without redevelopment. Thus, at the completion of the Redevelopment Project, payments to the affected taxing entities are expected to far exceed the property taxes that the taxing entities would reasonably expect to receive from a non-redeveloped NSTI.

D. Assumptions Used In Tax Increment Projections

The tax increment projections in this report are intended only as estimates based on the best available information as of the date of this report. Actual tax increment revenues may be higher or lower than the projections. The tables in Appendix H present detailed analyses of potential tax increment revenues for the Project Area. The tax increment estimates summarized in this chapter and Appendix H are based on the financial parameters and assumptions described in this section.

1. Base Year Assessed Value

The base year for the Project Area is proposed to be FY 2010/11, assuming the effective date of the Redevelopment Plan is on or before August 19, 2011. TIDA advised the Controller, State Board of Equalization and affected taxing entities that the base year assessment roll for the Project Area would be FY 2010/11, and requested that the Controller provide the required Report of the County Fiscal Officer pursuant to CRL Section 33328 (33328 Report). The tax increment projections for this Report to Board use the FY 2010/11 assessed value of \$10,309,743, as published in the 33328 Report (Appendix I).

2. Duration of the Project

Pursuant to Section 33492.13(a)(3) of the CRL, the Redevelopment Plan will be effective for 30 years from the final day of the first fiscal year in which TIDA receives \$100,000 or more of tax increment funds. Pursuant to Section 33492.15(a)(4), TIDA will be authorized to receive tax increment to repay indebtedness starting the year after adoption of the Redevelopment Plan and continuing for a period of 45 years from the final day of the first fiscal year in which TIDA receives \$100,000 or more of tax increment funds. TIDA is projected to collect \$100,000 in tax increment starting in FY 2013/14. Thus the Redevelopment Plan is projected to remain effective through FY 2043/44. Tax increment collection is projected to continue through FY 2058/59, the 48th year from establishment of the Project Area, and possibly longer if actual tax increment revenue fails to reach \$100,000 until later than FY 2013/14.

3. Tax Rate

In order to calculate the tax increment revenue from the Project Area, the San Francisco Controller multiplies the relevant taxable assessed value by two tax rates:

- Basic tax rate of \$1.00 per \$100 of taxable value (1.0 percent).
- Tax rate levied to pay voter-approved indebtedness issued prior to 1989.

The basic property tax rate may not exceed one percent (\$1.00 per \$100 of taxable value) per Article XIII A (Proposition 13) of the State Constitution. In addition, redevelopment agencies may receive incremental property tax revenues on voter-approved bonded indebtedness issued prior to 1989 for the tax rate areas that comprise a project area. However, the Project Area does not have any voter-approved bonded indebtedness. Therefore, the tax increment projections in this report use the basic one percent tax rate.

4. Growth Assumptions

Tax increment revenues are generated from the growth in assessed value above the base year assessed value. Tax increment revenues are projected by applying the effective property tax rate, assumed at one percent, to this growth, known as the incremental assessed value. Growth in assessed property value in the Project Area is based on the following three factors:

a. Annual Inflation Rate

The annual inflation rate is assumed to be two percent per year for properties that remain in the same ownership. Two percent is the maximum annual increase that is allowed by the California State Constitution as a result of Proposition 13 in the absence of certain events that can trigger a reassessment, such as a sale or construction of new improvements. This two percent inflation factor is applied to the secured assessed value.²

b. Reassessment Adjustment

The annual reassessment adjustment represents increases in assessed value following property reassessment, which is triggered by any of the following: (1) the transfer, or sale, of real property, (2) upgrading of real property improvements due to rehabilitation or additions to existing buildings, or (3) reassessments of new development to market value once construction is completed.

The reassessment adjustment for secured property in the Project Area is projected to be zero percent through FY 2013/14 and 0.5 percent per year thereafter, as newly developed properties have the potential to be resold. The reassessment assumption is in addition to the two percent annual inflation adjustment described above, yielding an underlying average growth rate of 2.5 percent of assessed value once development begins.

c. New Development

In addition to annual inflation and reassessment adjustments, the tax increment projections for the Project Area account for assessed value growth due to land sales and new construction. The tax increment model utilizes development projections for the Project Area consistent with the TICD pro forma and project budget. These projections conservatively assume total build out of residential units and non-residential space to be less than the maximum allowed under the Development Program described in Chapter III. Table IV-3 summarizes the assumptions underlying this new development value, and Appendix H includes a detailed schedule of annual incremental value resulting from new development.

² The assessed value of an area is comprised of the secured, unsecured and utility tax rolls. The secured assessed value is typically the largest of the three and consists of real property (i.e. land, structures) and personal property (i.e. equipment). Receipt of property tax from secured properties are secured, or guaranteed, by placing a lien on the property. Note that possessory interest assessments appear on the unsecured roll.

Table IV-3
New Development Assumptions
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Land Use	Development Buildout^a	Value^b	Years of Vertical Assessment^c
<u>Residential</u>			
Total Units	7,540 units		
Ownership:	5,001		
Market Rate	4,634	\$789,000 per unit	FY 2015/16 - FY 2027/28
Inclusionary Affordable	250	\$294,000 per unit	FY 2016/17 - FY 2026/27
Condotel	117	\$828,000 per unit	FY 2022/23
Rental:	2,539		
Market Rate	527	\$411,000 per unit	FY 2017/18 - FY 2020/21
Inclusionary Affordable	28	\$0 per unit	FY 2017/18 - FY 2020/21
Non-Profit Affordable ^d	1,984	\$0 per unit	FY 2017/18 - FY 2028/29
Total Affordable Units	2,262		
<u>Non-Residential</u>			
Retail	352,591 sq. ft.	\$400 per sq. ft.	FY 2014/15 - FY 2027/28
Hotel	250 rooms	\$511,000 per room	FY 2019/20 - FY 2021/22

a. Based on assumptions in TICD pro forma and project budget, which are less than the maximum allowable build out.

b. Includes land and vertical development value in 2010 dollars. Values are weighted averages of the various product types for each category and are rounded.

c. Vertical build out assumed to occur two years after land sales, and timing of assessment incorporates a two year lag for inclusion on the Assessor's roll. See Appendix Table H-3 for a detailed Development Roll Schedule.

d. Includes units sponsored by TIDA and TIHDI.

Source: TIDA, TICD, Seifel Consulting Inc.

5. TIDA Tax Increment Obligations

According to State law, TIDA must use a portion of tax increment revenue to fulfill the following obligations:

a. County Fee for Property Tax Administration

Counties are allowed to deduct fees for the administration of tax increment revenues. However, the San Francisco Controller has not opted to charge a fee for existing redevelopment projects in San Francisco. Therefore, the projections in this report assume that this deduction is zero.

b. Housing Set-Aside for Affordable Housing

Section 33334.2 of the CRL requires that 20 percent of the gross tax increment revenues generated be used for increasing, improving and preserving a community's supply of low and moderate-income housing. In other words, twenty cents out of each tax increment dollar generated during the tax increment collection period must be set aside in the Low and Moderate-Income Housing Set-Aside Fund (Housing Fund) to finance the Affordable Housing Program. TIDA must set aside this amount each year and the allocation will not be affected by pass-through payment obligations, administrative costs or other factors. Allowable uses of the Housing Fund include the payment of principal and interest on bonds, loans, money advances, or

indebtedness incurred by TIDA to finance affordable housing related activities. Administration costs related to these activities are also typically paid out of the Housing Fund. Section E below summarizes the projected total tax increment set aside for affordable housing over the life of the Redevelopment Plan.

c. Statutory Pass-Through Payments

Within the Project Area, each taxing entity deriving property tax revenue is guaranteed an annual pass-through payment from TIDA. The CRL provides standard formulas for the calculation of pass-through payments for plans adopted or amended after 1993. Each entity receives a payment in proportion to its property tax levy within the Project Area at the time the Redevelopment Plan is adopted. The pass-through payments constitute the State Legislature's determination of the payments necessary to alleviate any financial burden of a redevelopment program to affected taxing entities. Section 33607.5(f)(1)(B) states that statutory pass-through payments are the only payments required to be made by a redevelopment agency to affected taxing entities during the term of a redevelopment plan.

Section 6 below presents a detailed explanation of these statutory pass-through payment calculations. Section E summarizes the projected total pass-through payment amount over the life of the Redevelopment Plan and Appendix H provides details on the distribution of the pass-through payments to each taxing entity.

d. Additional Payments to Basic Aid Entities

Basic aid school entities receive annual payments in addition to their standard pass through. No schools in the City are in basic aid districts at this time, and none are likely to become so in the foreseeable future.

e. Educational Revenue Augmentation Fund (ERAF) Obligation

Several times over the last two decades, when faced with budget gaps, the State has enacted legislation requiring all redevelopment agencies to contribute to the Educational Revenue Augmentation Fund (ERAF) in order to relieve the State of some of its educational funding obligations. TIDA cannot predict whether the State Legislature will enact legislation requiring deposits into ERAF or any other fund in future years, or whether there may be changes to tax increment financing. Accordingly, the tax increment projections in this report do not assume any ERAF transfers will occur.

6. Calculation of Statutory Pass Through Payments

TIDA must adhere to a three-tier, CRL-mandated procedure for calculating the statutory pass-through payments described above. Statutory pass-through payments are calculated by multiplying the property tax levy for each entity by a set of three tiered pass-through percentages that are in turn multiplied by increases in assessed value above a relevant pass-through base assessed value for each tier. Over the life of the Redevelopment Plan, each taxing entity will receive its proportionate share of the three tiers of pass-through payments, as follows:

a. Tier One

The Tier One pass-through is equal to 20 percent of the gross tax increment from assessed value growth above the base year assessed value.³ This annual payment will begin the fiscal year after the first fiscal year in which the County Auditor certifies that TIDA first received \$100,000 or more in tax increment revenues from the Project Area. The Tier One pass-through payments continue through the life of the Redevelopment Plan.

b. Tier Two

The Tier Two pass-through is equal to 16.8 percent of the gross tax increment received by TIDA from assessed value growth above the Tier Two base year value, equal to the assessed value in the tenth year of tax increment collection following the County Auditor Certification Date.⁴ This annual payment begins in the eleventh year following the County Auditor Certification Date. This Tier Two pass-through is added to the Tier One payment and continues in each year TIDA collects tax increment.

c. Tier Three

The Tier Three pass-through is equal to 11.2 percent of the gross tax increment received by TIDA from assessed value growth above the Tier Three base year value, equal to the assessed value in the thirtieth year of tax increment collection after the County Auditor Certification Date.⁵ This annual payment begins the thirty-first year following the County Auditor Certification Date. This Tier Three pass-through is added to the Tier One and Tier Two payments and continues in each year TIDA collects tax increment.

d. Educational Revenue Augmentation Fund (ERAF) Adjustments

County Auditor-Controllers are required to make contributions to ERAF on behalf of certain taxing entities within their jurisdiction. In order to make these payments, an Auditor-Controller may adjust the levies of taxing entities. For purposes of calculating the statutory pass-through obligations, the tax increment projections in this Report to Board utilize property tax levies partially adjusted for ERAF according to the San Francisco Controller's current practice.

e. City and County of San Francisco Pass-Through Election

The community that creates and oversees a redevelopment project is entitled to receive a more limited statutory pass-through payment than other taxing entities. The City is expected to elect to receive its proportionate share of the Tier One pass-through payments from the Project Area. However, the City cannot participate in the Tier Two and Tier Three pass-through payments. Should the City elect not to receive its proportionate share of the Tier One pass-through payments, TIDA would be allocated that share.

³ This is equivalent to 25 percent of net tax increment after the 20 percent affordable housing set-aside.

⁴ This is equivalent to 21 percent of net tax increment after the 20 percent affordable housing set-aside.

⁵ This is equivalent to 14 percent of net tax increment after the 20 percent affordable housing set-aside.

E. Tax Increment Projections

The tax increment projections presented in this chapter are estimates for financial feasibility purposes. Actual tax increment revenues may be higher or lower. The projections shown in Appendix H are intended to provide a reasonable estimate of potential tax increment growth resulting from the assessed value growth factors described in Section D. These projections are based on the best available information and analysis techniques, and actual tax increment generated in each year will likely vary.

Table IV-4 summarizes the total tax increment revenues available to TIDA over the tax increment collection period of the Redevelopment Plan in nominal, or future, dollars. Tax increment revenues will accrue over time, with limited revenues in the early years of implementation that will grow as the assessed value of the Project Area increases. Appendix H presents the detailed tax increment projections.

The Project Area is projected to generate approximately \$4 billion in nominal dollars in gross incremental tax revenues over the life of the Redevelopment Plan. Table IV-4 shows how the tax increment will be distributed to the taxing entities via pass-through payments, and the remaining amount that will be available to TIDA for the affordable housing and non-affordable housing portions of its Redevelopment Program. Graph IV-1 illustrates the distribution of tax increment revenues over the life of the Redevelopment Plan.

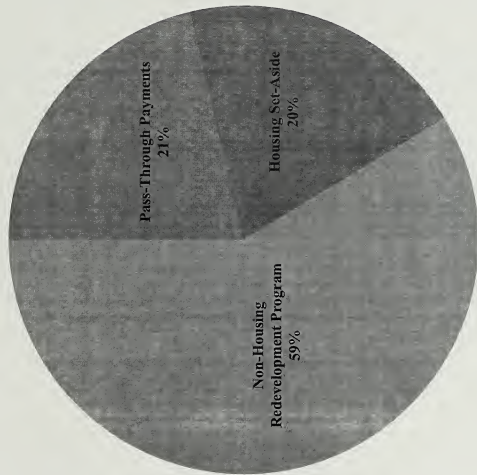
Table IV-4
Summary of Tax Increment Over the Life of the Plan
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Tax Increment (TI) Projections^a	
<i>Nominal (Future) Dollars</i>	
Incremental Tax Revenues	\$3,987,207,000
Less: County Admin Fee	\$0
Subtotal: TI Remitted to TIDA	\$3,987,207,000
TIDA Obligations:	
Less: 20% Housing Set Aside	(\$797,441,000)
Less: Pass Through Payments	(\$849,978,000)
Subtotal: TI Available for Non-Housing Program	\$2,339,788,000
Projected Use of Funds:	
Housing Redevelopment Program	\$797,441,000
Non-Housing Redevelopment Program	<u>\$2,339,787,000</u>
Total Redevelopment Program	\$3,137,228,000

a. Dollar figures rounded to the nearest \$1,000. Calculations may not precisely match due to rounding.

Source: TIDA, TICD, Seifel Consulting Inc.

Graph IV-1
 Distribution of Projected Tax Increment Revenues
 Treasure Island/Yerba Buena Island Redevelopment Plan Adoption



Source: TIDA, TICD, Seifel Consulting Inc.

F. Financial Feasibility of the Redevelopment Program

To evaluate the financial feasibility of the Redevelopment Program, the analysis in this section compares the projected costs of the Redevelopment Program, detailed in Chapter III and summarized in Section A.4 above, with the projected revenues available from tax increment and other primary funding sources applicable to the Redevelopment Program. The projected cost of the Redevelopment Program is \$1.9 billion in constant FY 2010/11 dollars, which includes \$602 million for affordable housing and \$1.3 billion for other redevelopment activities.

In order to stimulate the redevelopment process, TIDA expects to issue bonds during the first 20 years of tax increment collection, to be paid back from tax increment revenues collected over the life of the Redevelopment Plan. A limited amount of non-bonded tax increment in excess of debt service and pass-through obligations will also be available during this initial period when the build out of the Development Program is expected to occur. Therefore, the present value of the expected bond proceeds plus surplus tax increment must be compared to the present value cost of the Redevelopment Program in order to assess financial feasibility. Based on the pro forma analysis prepared by TICD and reviewed by TIDA and its consultants, the projected bond proceeds for affordable housing activities will equal \$108 million, the bond proceeds for other redevelopment activities will equal \$417 million, and the surplus tax increment will be \$4 million, all in constant FY 2010/11 dollars. These bond calculations are based on projections of gross tax increment revenue over the life of the Redevelopment Plan that are consistent with those presented in Section E.

In addition to tax increment, Mello-Roos CFD bonds, private investment in the form of direct capital contributions, and additional sources dedicated to affordable housing are expected to finance significant portions of the Redevelopment Program. Table IV-5 summarizes the total anticipated revenue from each of the primary funding sources in relation to the total costs of the Redevelopment Program. This analysis shows that with the inclusion of all primary funding sources, TIDA is expected to have sufficient funds to support the Redevelopment Program.

Table IV-5
Comparison of Projected Funding Sources and Estimated Funding Requirements
Constant FY 2010/11 Dollars
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Total Redevelopment Program Cost	\$1,876,000,000
Less: Mello-Roos CFD Bonds	\$381,000,000
Less: Private Investment	\$564,000,000
Less: Additional Affordable Housing Sources	\$402,000,000
Less: Tax Increment	\$529,000,000
FUNDING GAP/SURPLUS	\$0

Source: TIDA, TICD, Seifel Consulting Inc.

Although the estimated project costs and the projected revenues will vary over time from those set forth in the estimates and projections presented in this chapter, it is reasonable to conclude that the Redevelopment Program will be financially feasible over the life of the Redevelopment Plan.⁶

Additional tax increment may be available in the later years of the Redevelopment Plan, if revenues continue to grow and exceed pledged debt service. However, given the timing of these revenues, they will not be available to pay for the costs of the core Redevelopment Program described in Chapter III. They could be available to address unexpected expenses or enhance the redevelopment efforts. In keeping with its balanced fiscal approach, TIDA will adopt an annual budget and an Implementation Plan every five years for funding the specific projects and activities in the Redevelopment Program. TIDA will ensure through its annual budgeting process that the Redevelopment Program is financially feasible through the life of the Redevelopment Plan.

⁶ The tax increment projections are intended only as estimates that are based on the best available information at the time of report publication. Actual tax increments may be higher or lower than indicated in the model. The development projections shown in Appendix H are not intended to predict future development, but rather to provide a reasonable estimate, on an average annualized basis, of potential tax increment growth resulting from the increase in assessed value resulting from new development.

G. Reasons Why Tax Increment Financing Is Necessary

The feasibility analysis in Section F demonstrates that tax increment revenue made possible through the Redevelopment Plan is a necessary part of the overall financing program to eliminate blighting conditions in the Project Area and achieve the successful conversion of NSTI to civilian use.⁷ The cost of redevelopment projects and activities designed to alleviate the documented blighting conditions exceeds the level of funding resources reasonably available without the use of tax increment. In addition, cash flow analysis prepared by TICD and reviewed by TIDA and its consultants indicates that cash flow would be negative throughout the implementation of the Redevelopment Program if not for the availability of public financing, particularly tax increment. Therefore, TICD or any other private developer would not undertake the redevelopment effort without the contribution of tax increment financing, and without the participation of a private developer, TIDA would not be able to effect successful redevelopment.

Without redevelopment assistance, neither the private sector alone, or the public sector alone, nor the private and public sectors working together, could financially support the substantial costs of the Redevelopment Program. Tax increment financing is the only source available to fill the substantial gap between the costs of the Redevelopment Program and other public and private revenue sources. Along with Mello-Roos CFD bonds, private investment, and dedicated affordable housing sources, tax increment financing will be a critical funding component that TIDA will use to implement the Redevelopment Program.

⁷ Section 33492.7 states that, when adopting a redevelopment plan at a former military base, the requirement that an agency show that "the elimination of blight and the redevelopment of the project area could not be reasonably expected to be accomplished by private enterprise acting alone without the aid and assistance of the agency" (Section 33367(d)(11)) does not apply. However, in the case of the Treasure Island/Yerba Buena Island Redevelopment Project Area, redevelopment could not be accomplished without TIDA assistance. Thus, this section summarizes the reasons why TIDA assistance in the form of tax increment financing is necessary.

V. Five-Year Implementation Plan

The Implementation Plan is a guide that incorporates an agency's goals, objectives and potential programs over a five-year implementation plan period, while providing flexibility so the agency may adjust to changing circumstances and new opportunities. The FY 2010/11–FY 2015/16 Five-Year Implementation Plan (Implementation Plan) describes how TIDA is planning to implement the goals and objectives outlined in the Redevelopment Plan in a focused way during the initial five-year period in order to eliminate blight and revitalize the Project Area. In addition, the Implementation Plan provides a mechanism for TIDA to monitor its progress in meeting its affordable housing obligations as required by CRL. The Implementation Plan is included in this Report to Board as Appendix J.

A. Statutory Requirements

This chapter and Appendix J satisfy Section 33352(c), which requires that a redevelopment agency adopting or amending a redevelopment plan prepare and adopt a five-year implementation plan for the redevelopment project area, as follows:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(c) An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031.

B. Analysis

The Implementation Plan supplements the description of the Redevelopment Program, as described in Chapter III. The purpose of the Implementation Plan is to describe the following:

- Specific goals and objectives of TIDA for the Project Area;
- Specific projects proposed by TIDA as part of the Redevelopment Program, including affordable housing expenditures proposed to be made within the next five years; and
- How the proposed objectives, projects and expenditures will eliminate or alleviate the blighting conditions in the Project Area, and implement the affordable housing requirements of the CRL.

The Implementation Plan is anticipated to be adopted by TIDA in conjunction with the Redevelopment Plan in the Spring of 2011. As the date of adoption is near the end of FY 2010/11, the proposed Implementation Plan period will extend through FY 2015/16. TIDA will have an opportunity to update the Implementation Plan, including projects, activities and estimated expenditures, during the midterm review process, which will occur within the second and/or third year of the five-year implementation plan period. TIDA may also amend the Implementation Plan to respond to changing circumstances by following the procedures set forth in the CRL.

VI. Method or Plan for Relocation

TIDA will comply with applicable relocation requirements, as set forth in this Chapter VI.

A. Statutory Requirements

Section 33352(f) requires that the report to the legislative body on a redevelopment plan include a method or plan for relocation, as follows:

(f) A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low- and moderate-income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement.

B. Transitioning Households

Implementation of the Redevelopment Plan is not expected to result in the displacement of any persons that would trigger relocation under Government Code Section 7260(c) and its implementing regulations. All residential occupants currently living in the Project Area (Existing Occupants) moved to the Project Area after TIDA had acquired a leasehold interest and began managing the property. As a result, all such occupants are "post-acquisition tenants" and as such, are not "displaced persons" entitled to statutory relocation benefits.

As a matter of policy, however, on December 12, 2006 the Board of Supervisors adopted a resolution (2006 BOS Resolution) endorsing the Development Plan and Term Sheet for the development of NSTI, and recommended that TIDA provide all existing households on Treasure Island with certain benefits. In accordance with the 2006 BOS Resolution, TIDA will adopt Transition Housing Rules and Regulations in conjunction with the Disposition and Development Agreement (DDA) with TIDC. All Transitioning Households, as that term is defined in the Transition Housing Rules and Regulations, will be offered the opportunity to move to alternate housing within the Project Area, even though the Transitioning Households are not displaced persons entitled to statutory relocation benefits. The Transition Housing Rules and Regulations will ensure that no Existing Occupants of low- and moderate-income will be required to move unless or until there is suitable housing available and ready for occupancy by the person or family at rents comparable to those at the time of the move, as required by Section 33411.1 of the CRL.

In addition, pursuant to an agreement between TIDA and TIHDI (TIHDI Agreement), TIHDI is providing certain support services and interim residential facilities for the homeless on NSTI (TIHDI Residents). As the Redevelopment Plan is implemented, TIHDI Residents will have the opportunity to move to alternate housing in the Project Area in accordance with a separate agreement and transition plan for TIHDI Residents.

C. Relocating Households

Although no Existing Occupants will be considered "displaced persons," TIDA has established for the Project Area a method and plan for relocation in the event that, over the course of implementation of the Redevelopment Plan, there are "displaced persons" in the Project Area. The adopted relocation plan complies with CRL Section 33367(d)(7), requiring that a redevelopment agency have a feasible relocation method or plan if the agency's plans for redevelopment are to result in the displacement of any persons residing in a project area.

In order to implement the California Relocation Assistance Act pursuant to Government Code Section 7268 et seq. (Relocation Act) in the Project Area, at the time of adoption of the Redevelopment Plan TIDA will have adopted for local use relocation guidelines (Relocation Guidelines) consistent with State of California, Department of Housing and Community Development Relocation Guidelines, as set forth in California Code of Regulations, Title 25, Chapter 6, Subchapter 1 (Section 6000 et seq.). Because the Relocation Act and the Relocation Guidelines govern relocation of "displaced persons," they do not apply to Existing Occupants, as explained in Section B above.

If, however, displacement and relocation of future occupants residing in the Project Area becomes necessary, specific relocation plans containing detailed household and housing availability surveys will be prepared at the initiation of each project. Development projects involving relocation will be authorized by TIDA only if the specific relocation plan can ensure the availability of sufficient suitable and comparable housing units to meet the specific relocation needs created by any such development projects.

In summary, it is reasonable to conclude that at the time of adoption of the Redevelopment Plan, TIDA has in place a feasible method of meeting the maximum foreseeable relocation needs that may result from implementation of the Redevelopment Plan.

1. Relocation Policies and Procedures

As described above, Existing Occupants will not be considered displaced persons. Any displacement and relocation of future occupants, if applicable, within the Project Area will be accomplished in full compliance with the Relocation Guidelines, as they may be amended by TIDA from time to time. If, however, the Relocation Act provides a different standard, requirement or benefit with respect to a particular matter from that provided by the Relocation Guidelines, TIDA may elect to apply the standard, requirement, or benefit of the Relocation Act to such matters.

It is the policy of TIDA and included in the Relocation Guidelines that:

1. Redevelopment activities will be carried out in a manner that minimizes displacement, relocation and hardship.
2. No persons or families of low- and moderate-income subject to displacement and relocation shall be required to move unless and until there is a suitable housing unit available and ready for occupancy by such persons, that is safe, decent and sanitary and available at comparable rents.
3. All persons subject to displacement and relocation will be afforded the opportunity to live in a decent, safe and sanitary dwelling without overcrowding.

4. The cost of such housing shall be reasonable relative to family income.
5. There will be no discrimination based upon race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry or any other characteristic protected by State or Federal Law in relocation activities.
6. Persons to be displaced and relocated will be offered the opportunity to occupy housing that is reasonably accessible to their places of employment, public transportation, shopping, and public facilities.
7. Persons eligible for relocation will be made aware of the availability of relocation benefits and assistance within 30 days following the initiation of negotiations for a parcel of property.
8. Each household eligible for relocation will be provided information on availability and prices of comparable sales and rental housing. When necessary, counseling and referral service will be provided.
9. Persons and families of low- and moderate-income subject to displacement and relocation by the redevelopment projects will be given priority in renting or buying low- or moderate-income housing units developed or assisted by TIDA.

Rules and regulations detailing procedures for providing services and making payments will be made in accordance with the above-mentioned Relocation Guidelines and applicable State law.

2. Relocation Standards

a. Physical Standards

All relocation housing must be decent, safe and sanitary. The units must be structurally sound, in clean and weather-tight condition, in good repair, and adequately maintained. The units must also be in conformance with the applicable State and local building, plumbing, electrical, housing, and occupancy codes or similar ordinances or regulations. All relocation dwellings must be comparable to the existing dwelling with respect to number of rooms, habitable living space and type and quality of construction, and must be adequate in rooms and living space to accommodate the person or household subject to relocation.

b. Financial Means

All relocation dwellings must be within the financial means of the person or household subject to displacement and relocation. A relocation dwelling will be considered within a household's or person's financial means if the monthly housing cost (including payments for mortgage, insurance, fees, and property taxes) or rental cost (including utilities and other reasonable recurring expenses) minus the relocation payments available to the person does not exceed the applicable standard in the Relocation Guidelines for affordability of relocation housing.

A relocation dwelling is also considered within the financial means of the person or household subject to displacement and relocation if the purchase price of the dwelling, including increased interest costs and other reasonable expenses, does not exceed the total amount of just compensation provided for the acquired dwelling and the replacement housing payment available to the person.

c. Environmental Standards

Relocation dwellings shall be in areas not subject to unreasonable adverse environmental conditions from either natural or man-made sources, and not generally less desirable than the acquired dwelling with respect to public utilities, public and commercial facilities, public services, and reasonable access to the displaced person's place of employment.

d. Equal Opportunity Standard

Relocation housing shall be available to all persons regardless of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry, or any other characteristic protected by State or Federal law.

3. Methods for Assuring Availability of Relocation Housing

TIDA will work with the San Francisco Mayor's Office of Housing, the San Francisco Housing Authority and nonprofit sponsors of other subsidized housing to assist eligible persons in applying for priority placement in affordable housing within the City.

4. Relocation Needs and Services

The following sections provide an assessment of relocation needs and resources at the time of the adoption of the Redevelopment Plan to provide the TIDA Board and the Board of Supervisors with a basis for determining whether the implementation of the Redevelopment Plan will require displacement and relocation, and whether even minimum relocation is feasible.

If, during the course of the implementation of the Redevelopment Program, it is determined that adequate relocation housing is not available and cannot otherwise be made available, TIDA shall take action to develop such housing in accordance with State law and guidelines

a. Determination of Need

As noted above, implementation of the Redevelopment Plan will not result in displacement and relocation of Existing Occupants. Therefore, the Relocation Act and the Relocation Guidelines will not be applicable to those persons.

In the event that any future project-specific activities are undertaken pursuant to the Redevelopment Plan that will be subject to the Relocation Act and the Relocation Guidelines, TIDA will prepare a detailed relocation plan for that activity. Prior to the preparation of that relocation plan, TIDA will interview all eligible persons to obtain information to plan for housing accommodations, as well as counseling and other needs. TIDA will cooperate with any other organization that might be conducting surveys in the area at the same time to avoid duplication. A referral system for social service needs will be established. Survey results will be updated as appropriate.

The purpose of the survey and the nature and extent of relocation payments and assistance that may become available will be discussed with each individual during the interview. Based on the information obtained during the interview, TIDA will prepare and maintain a relocation record for each person to be displaced. The record will contain a description of the pertinent characteristics and the assistance that will be required.

b. Information Programs

Written informational materials will be prepared and distributed to all persons subject to displacement and relocation. Public meetings with the relocation staff will also be held. The address, telephone number and business hours of TIDA and the name of the TIDA staff person or consultant supervising relocation will be made available, as well as a written description of the procedure for filing grievances.

c. Assistance in Obtaining Housing

Eligible displaced persons who require assistance will be provided full access to relocation resources, and assistance will be provided in obtaining and moving to suitable locations. Information on unit sizes and rental and sales prices of units will be recorded and made available at the TIDA office to those seeking housing referrals.

Contacts will be maintained with real estate agents, brokers, landlords, and others for the purpose of obtaining listings of standard relocation housing. Units will be inspected prior to referral to determine whether they are decent, safe and sanitary.

d. Social Services

Displaced persons to be relocated who require assistance will be referred to the appropriate social service resource. Counseling will be available prior to, during and after relocation. Employment, financial, educational, health, and other social services will be offered, and relocation staff will follow up on all referrals to determine whether appropriate assistance has been provided.

5. Relocation Payments

Relocation payments will be made to all eligible displaced persons and non-profit organizations pursuant to Section 7260 of the Government Code and the Relocation Guidelines. Assistance in completing applications will be provided by TIDA.

6. Grievance Procedure

Any person who disagrees with a determination regarding eligibility for, or amount of, a relocation payment, or who believes TIDA has failed to refer him or her to comparable replacement housing, may have his or her claim reviewed. As a first step, a grievance should be brought to the Executive Director of TIDA. If the grievant believes that his or her complaint has not been satisfactorily answered, he or she may appeal to the applicable relocation appeals board. This board will promptly hear all complaints relating to relocation and will determine if TIDA has complied with applicable laws. If the grievant is not satisfied with the decision of the relocation appeals board, he or she may request a hearing before an Administrative Law Judge at the San Francisco Rent Board. The Administrative Law Judge will make a final decision.

7. Extent of Potential Relocation

As explained above, while the Redevelopment Plan does not contemplate the displacement and relocation of any persons, it is possible that some of the future redevelopment projects and activities within the Project Area may require the displacement and relocation of a small number

of persons if it is necessary for the redevelopment of a property. In such a case, TIDA will make every reasonable effort to minimize the extent of displacement and relocation in the Project Area.

While the exact number of displaced persons to be relocated will not be known until specific project activities are approved, any persons to be relocated will be eligible for benefits under the Relocation Guidelines.

8. Housing Resources Available to Meet Relocation Needs

Because no displacement and relocation is currently anticipated, significant housing resources are not likely to be needed for relocation. However, in the event displacement and relocation occurs, the Redevelopment Plan provides for the allocation of a minimum of 20 percent of tax increment revenue into the Housing Set-Aside Fund for development of low- and moderate-income housing in the Project Area. Furthermore, the DDA calls for the allocation of other resources for the development of affordable housing in the Project Area, and requires that 30 percent of all housing constructed in the Project Area be affordable. These resources and housing units will provide additional housing for relocation purposes, if any, to the extent that public and private market units may prove inadequate to meet these needs.

Persons displaced and relocated, if any, would have first priority to occupy any housing constructed with TIDA assistance. The tax increment projections in Appendix H show the anticipated deposits into the Housing Set-Aside Fund. As discussed in this Chapter and in Appendix J (Implementation Plan), these funds, with the other funds slated for affordable housing described in the DDA, will provide sufficient resources should the need for displacement and relocation emerge. Pursuant to State law requirements and TIDA goals, a substantial number of the newly constructed units will be affordable to low- and moderate-income households, including households earning less than 50 percent of the area median income. All necessary financial assistance will be made available to assist any displaced persons who are relocating into housing that is not within their "financial means."

VII. Analysis of the Preliminary Plan

This chapter analyzes the Preliminary Plan, which was adopted in August 1999 and amended in November 2008 as part of the process for adopting the Redevelopment Plan. The Amended Preliminary Plan is included in this Report to Board as Appendix L.

A. Statutory Requirements

Section 33352(g) requires analysis of the preliminary plan, as follows:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(g) An analysis of the preliminary plan.

The preliminary plan is organized into five elements as required by Section 33324, and must address the following:

A preliminary plan need not be detailed and is sufficient if it:

- (a) Describes the boundaries of the project area.*
- (b) Contains a general statement of the land uses, layout of principal streets, population densities and building intensities and standards proposed as the basis for the redevelopment of the project area.*
- (c) Shows how the purposes of this part would be attained by such redevelopment.*
- (d) Shows that the proposed redevelopment is consistent with the community's general plan.*
- (e) Describes, generally, the impact of the project upon the area's residents and upon the surrounding neighborhood.*

B. Analysis

The initial process for adopting the Redevelopment Plan began in the mid-1990s, when the City started working with public and private partners and with the community to devise and implement a plan for the reuse and redevelopment of the former NSTI. Appendix F includes a more extensive list of public actions. Below is a brief summary of the process regarding the Preliminary Plan:

- In 1993, the Federal Base Realignment and Closure Commission selected NSTI for closure and disposition by the United States Navy. The Congress and the President approved this closure.
- In 1995, the Board of Supervisors adopted a Redevelopment Survey Area for portions of Treasure Island and Yerba Buena Island to facilitate their reuse and redevelopment as a civilian resource for the City and the region.
- On May 2, 1997, in accordance with the direction of the State Legislature, the Board of Supervisors authorized the Mayor's Treasure Island Project Office to establish TIDA as the redevelopment agency for NSTI.
- On August 19, 1999, the Planning Commission adopted Motion No. 14869 (i) selecting the Treasure Island/Yerba Buena Island Project Area boundaries; (ii) formulating the

Preliminary Plan; (iii) making certain findings regarding the Preliminary Plan; (iv) directing the Planning Director to transmit the Preliminary Plan to TIDA; and (v) directing the Planning Director to negotiate a Cooperative Agreement between TIDA and the Planning Department.

- On September 18, 2008, the TIDA Board of Directors endorsed a draft Amended Preliminary Plan and directed staff to present the Amended Preliminary Plan to the Planning Commission for approval.
- On October 28, 2008, the Board of Supervisors adopted an Amended Survey Area for Treasure Island and Yerba Buena Island that includes all of Treasure Island and Yerba Buena Island.
- On November 20, 2008, the Planning Commission held a duly noticed public hearing on the Amended Preliminary Plan and adopted Motion 17764 approving the Amended Preliminary Plan and selecting the Amended Project Area Boundary.
- On April 10, 2010, the Planning Commission adopted Motion 18071 approving deletion from the Project Area of those portions of Yerba Buena Island occupied by the United States Coast Guard.

The Amended Preliminary Plan describes the boundaries, revitalization strategies and general impacts of the redevelopment project on the residents and the surrounding neighborhood. It is a general statement of land uses, layout of principal streets, population densities, building intensities, and proposed building standards that serve as the basis for redevelopment of the Project Area. For additional information and to access related documents, refer to the TIDA website at <http://www.sftreasureisland.org>.

As described in the Amended Preliminary Plan, land uses in the Project Area shall be as generally set forth in the Conceptual Land Plan and Program Objectives included as Exhibit C to the Amended Preliminary Plan (included as Appendix L of this Report). The land uses described on this Exhibit C include the following:

- Residential and Community Facilities
- Commercial and Cultural – Mixed Use
- Residential – Mixed Use
- Civic, Institutional and Schools
- Public Services
- Open Space and Compatible Uses

VIII. Planning Commission Report and Recommendation

This chapter addresses the actions by the Planning Commission pertaining to review of the Redevelopment Plan.

A. Statutory Requirements

Section 33346 requires an agency to transmit the redevelopment plan to the planning commission before it is submitted to the legislative body:

Before the redevelopment plan of each project area is submitted to the legislative body, it shall be submitted to the planning commission for its report and recommendation concerning the redevelopment plan and its conformity to the general plan adopted by the planning commission or the legislative body. The planning commission may recommend for or against the approval of the redevelopment plan.

Section 33352 requires the report to the legislative body to include the report and recommendations of the planning commission:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(h) The report and recommendations of the planning commission.

(j) The report required by Section 65402 of the Government Code.

Section 33492.20(a)(1) provides that for a military base plan adoption the redevelopment plan does not have to include findings relative to the consistency of the redevelopment plan to the community's general plan, as follows:

(a) (1) The redevelopment plan for the base need not include either of the following:

(A) The information required pursuant to subdivision (d) of Section 33324, relative to the contents of the preliminary plan.

(B) The finding required pursuant to paragraph (4) of subdivision (d) of Section 33367, relative to the consistency of the redevelopment plan to the community's general plan.

However, Section 33492.20(a)(2) prohibits the agency from expending tax increment until the legislative body has adopted findings that the redevelopment plan is consistent with the general plan, as follows:

(a) (2) The agency shall not expend any tax increment funds allocated to it from the project area for expenses related to carrying out the project, unless and until the legislative bodies of all the communities included in the project area have adopted findings that the redevelopment plan is consistent with the general plan of the community...

Section 33492.20(d) provides that the report to the legislative body does not have to include the report and recommendations of the planning commission, as follows:

(d) The report submitted by the agency to the legislative body pursuant to Section 33352, need not contain the items listed in subdivisions (h), (j), and (k) of Section 33352....

B. Analysis

The Planning Commission is expected to consider the Redevelopment Plan in April 2011. The Planning Commission recommendation, if any, will be included in a supplement to this Report to Board.

Findings of consistency between the Redevelopment Plan and the General Plan are not required for adoption of the Redevelopment Plan. The Planning Commission and Board of Supervisors will be asked to consider amendments to the General Plan, Planning Code and Zoning Map to ensure consistency between those documents and the Redevelopment Plan. No tax increment will be expended prior to the Board of Supervisors adopting findings that the Redevelopment Plan is consistent with the General Plan.

IX. Summary of Public Review of the Redevelopment Plan

This chapter addresses the actions by the CAB, the TIDA Board and the Board of Supervisors pertaining to the public review of the Redevelopment Plan.

A. Statutory Requirements

This Chapter presents a summary of public review of the Redevelopment Plan, as required by Section 33352(i) of the CRL, which states the following:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(i) The summary referred to in Section 33387.

CRL Section 33387 refers to an agency's consultations with a PAC and the summary of the record of PAC proceedings; however, as discussed in Chapter I, AB 1496 (Chapter 318 of the Statutes of 2008) amended the Conversion Act to exempt TIDA from the requirement of forming a PAC if TIDA met the following requirements:

- Continued consultation with the CAB on the adoption and implementation of the Redevelopment Plan;
- Designation of not less than four slots on the CAB for current residents of the Islands, including slots designated for low and moderate-income residents;
- Prompt election of the resident member seats, following at least one public meeting and proper noticing; and
- Inclusion of provisions in the Redevelopment Plan to ensure that low and moderate-income people lawfully occupying the existing housing on NSTI at the time the Redevelopment Plan for NSTI is adopted, and the existing housing is removed or demolished, will be offered new permanent housing adequate to accommodate the household to be constructed within the Project Area, at an affordable cost or affordable rent, as defined by the State Health and Safety Code.

B. Analysis

All of the conditions specified in AB 1496 have been or will be met. The CAB has met regularly since its creation in 1999, had the opportunity to review the draft Redevelopment Plan published on July 12, 2010, and held an informational meeting to review the draft Redevelopment Plan on January 11, 2011. An informational meeting on the election of resident members of the CAB was noticed on November 12, 2008 and held on December 16, 2008. Notice of and procedures for the election, as well as information pertaining to the CAB members, is included in Appendix M. Section 329 of the Redevelopment Plan includes provisions to ensure that low and moderate-income people lawfully occupying the existing housing on NSTI at the time the Redevelopment Plan for NSTI is adopted, and the existing housing is removed or demolished, will be offered new permanent housing adequate to accommodate the household to be constructed within the Project Area, at an affordable cost or affordable rent.

The TIDA Board and the Planning Commission anticipate holding a joint public hearing on the Redevelopment Plan in April 2011. Notice of the joint public hearing will be mailed and published in accordance with the CRL. The Board of Supervisors is also expected to hold a public hearing on the Redevelopment Plan in April 2011. Notice of the Board of Supervisors public hearing will be mailed and published in accordance with the CRL. The notice for the public hearings will be included in a supplement to this Report to Board.

X. Environmental Review

A Draft Environmental Impact Report for the Treasure Island/Yerba Buena Island Redevelopment Project (Draft EIR) has been prepared jointly by TIDA and the City, and was published on July 12, 2010. The Comments and Responses to the Draft EIR is expected to be published in March 2011, and the TIDA Board and the Planning Commission are anticipated to consider certification of the Final EIR in April 2011. The Final EIR will provide the environmental documentation for the Redevelopment Plan required by CEQA and the CRL.

A. Statutory Requirements

Section 33352(k) of the CRL requires that a report to the legislative body include the report required by Section 21151 of the Public Resources Code (i.e., the EIR).

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(k) the report required by Section 21151 of the Public Resources Code.

However, Section 33492.18(a) and (b) provide that an agency proposing a military base redevelopment plan adoption may defer review under CEQA by up to 18 months if the agency finds that the need to adopt a redevelopment plan at the earliest possible time requires a delay in the application of CEQA, as follows:

(a) Notwithstanding subdivision (k) of Section 33352, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) shall not apply to the adoption of a redevelopment plan prepared pursuant to this article if the redevelopment agency determines at a public hearing, noticed in accordance with this section, that the need to adopt a redevelopment plan at the soonest possible time in order to use the authority in this article requires the redevelopment agency to delay application of the provisions of the California Environmental Quality Act to the redevelopment plan in accordance with this section.

(b) If the redevelopment agency finds, pursuant to subdivision (a), that the application of the California Environmental Quality Act to the redevelopment plan is required to be delayed, the redevelopment agency or the community shall certify an environmental impact report for the redevelopment plan within 18 months after the effective date of the ordinance adopting the redevelopment plan.

CA Public Resources Code Section 21151:

(a) All local agencies shall prepare, or cause to be prepared by contract, and certify the completion of, an environmental impact report on any project that they intend to carry out or approve which may have a significant effect on the environment. When a report is required by Section 65402 of the Government Code, the environmental impact report may be submitted as a part of that report.

(b) For purposes of this section, any significant effect on the environment shall be limited to substantial, or potentially substantial, adverse changes in physical conditions which exist within the area as defined in Section 21060.5.

(c) If a nonelected decision-making body of a local lead agency certifies an environmental impact report, approves a negative declaration or mitigated negative declaration, or determines that a project is not subject to this division, that certification, approval, or determination may be appealed to the agency's elected decision-making body, if any.

B. Analysis

1. Environmental Review Process

In 1994, a Citizen's Reuse Committee (CRC) representing a broad base of community interests was formed to review reuse planning efforts at NSTI conducted by the San Francisco Planning Department and the San Francisco Redevelopment Agency, and to make recommendations to the Planning Commission and Board of Supervisors concerning reuse of NSTI. Between 1994 and 1996, an extensive community planning effort by the City and CRC was undertaken to develop a Reuse Plan for NSTI. In anticipation of the conveyance of NSTI to the City, the City prepared an EIR for the Reuse Plan, as required under CEQA.

The Reuse Plan EIR, which was published in 2006, analyzed the conveyance of NSTI to the City at a programmatic level, and analyzed the expansion of the Clipper Cove Marina at a project level. In certifying the Reuse Plan EIR, the Planning Commission and TIDA, as lead agencies under that EIR, determined that subsequent project level review would not be tiered from that document. Instead, TIDA and the City, as co-lead agencies, undertook the preparation of a new project-level EIR for the Redevelopment Plan and Development Program, which analyzes the environmental impacts of the Redevelopment Plan and its implementation at a project-level of detail. The analysis in the new project-level EIR utilized relevant data and analysis from the Reuse Plan EIR where appropriate.

2. Environmental Impact Report

On July 12, 2010, the Planning Department and TIDA published the Draft EIR for the Treasure Island/Yerba Buena Island Redevelopment Project (Case No. 2007.0903E) and filed a Notice of Availability. A copy of this notice is included in Appendix N. Also, as required by law, the Draft EIR was distributed to the affected taxing entities, the State Clearinghouse, all State trustee agencies, and other interested parties.

The Draft EIR was presented to the Planning Commission and the TIDA Board for review and comment at a joint hearing held on August 12, 2010. In addition to Planning Commissioners and TIDA Board members, a total of approximately 20 members of the public made comments at the August 12, 2010 hearing. The CAB also discussed the Draft EIR in a meeting held on August 18, 2010, and generated written comments based on their discussion. The public comment period, originally set for 45 days, was extended through September 10, 2010. A total of approximately 44 written comments were received on the Draft EIR during the public comment period. All comments received on the Draft EIR and the responses to those comments will be included in the Final EIR.

TIDA and the Planning Department are currently in the process of responding to all comments received on environmental issues and making any necessary text changes to the Draft EIR, and are anticipated to publish the Comments and Responses document in March 2011. The Comments

and Responses will be available on the TIDA website at <http://www.sftreasureisland.org>. After publication of the Comments and Responses, both the Planning Commission and the TIDA Board are expected to consider certifying the Final EIR as adequate, accurate, objective, and prepared in compliance with CEQA at a joint public hearing, which may occur after the adoption of this Redevelopment Plan, as authorized by CRL Section 33492.18. The notice of the TIDA Board public hearing includes notice of the intent to delay application of CEQA, pursuant to Section 33492.18.

Chapter XIII of this Report is the "Neighborhood Impact Report," a summary of the impacts of the redevelopment activities associated with the adoption of the Redevelopment Plan on the Project Area. The Neighborhood Impact Report relies on the impacts analysis from the Draft EIR, and includes references to specific sections of the Draft EIR.

XI. Analysis of the Report of the County Fiscal Officer

Section 33352(l) of the CRL requires that the report to the legislative body contain the Report of the County Fiscal Officer if required by Section 33328, and Section 33352(n) requires inclusion of the analysis of the Report of the County Fiscal Officer (33328 Report). TIDA requested and received the 33328 Report pursuant to Sections 33327 and 33328 of the CRL. This chapter of the Report to Board includes the analysis of the 33328 Report for the Project Area. The 33328 Report is included as Appendix I.

A. Statutory Requirements

Sections 33352(l) and (n) state the following:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(l) The report of the county fiscal officer as required by Section 33328.

(n) An analysis by the agency of the report submitted by the county as required by Section 33328...

Section 33328 states the following:

When it transmits the map of the project area to the county officials, taxing agencies, and the State Board of Equalization pursuant to Section 33327, the redevelopment agency shall also advise those officials and agencies of the last equalized assessment roll it proposes to use for the allocation of taxes that will comply with Sections 33670 and 33670.5. That roll shall be known and referred to as the base year assessment roll. The county officials charged with the responsibility of allocating taxes under Section 33670 and 33670.5 shall prepare and deliver to the redevelopment agency and each of the taxing agencies, a report which shall include the following:

- (a) The total assessed valuation of all taxable property within the project area as shown on the base year assessment roll.*
- (b) The identifications of each taxing agency levying taxes in the project area.*
- (c) The amount of tax revenue to be derived by each taxing agency from the base year assessment roll from the project area, including state subventions for homeowners, business inventory, and similar subventions.*
- (d) For each taxing agency, its total ad valorem tax revenues from all property within its boundaries, whether inside or outside the project area.*
- (e) The estimated first year taxes available to the redevelopment agency, if any, based upon information submitted by the redevelopment agency, broken down by taxing agencies.*
- (f) The assessed valuation of the project area for the preceding year, or, if requested by the redevelopment agency, for the preceding five years, except for state assessed property on the board roll. However, in preparing this information, the requirements of Section 33670.5 shall be observed. The assessed value shall be reported by block if the property is divided by blocks, or by any other geographical area as may be agreed upon by the agency and county officials.*

Section 33328.1(a) requires the County Fiscal Officer to prepare an additional report to be provided to the Department of Finance (DOF) at the same time the 33328 Report is prepared, and Section 33328.1(b) requires the agency to prepare an additional report to DOF at the time of the transmittal of the statement of plan preparation, pursuant to Section 33327. The 33328.1(a) report to DOF must contain estimates of tax increment and pass-through payments to each school district, county office of education, and community college district over the duration of the Project Area. It must also contain projections of property tax revenue allocations to each school district, county office of education, and community college district over the same time period assuming the Redevelopment Plan is not adopted. The 33328.1(b) report must include a projection in the change in the number of residents, including school-age children, in the project area, and a projection in the change in the need for school facilities in the project area.

Section 33328.1(a) states the following:

(a) When the county officials charged with the responsibility of allocating taxes pursuant Sections 33670 and 33670.5 deliver the report required pursuant to Section 33328, they shall also prepare and deliver to the Department of Finance, in the form and manner prescribed by the department, a report that includes all of the following:

- (1) The information specified in subdivisions (a), (b), and (c) of Section 33328.*
- (2) A projection of the total amount of tax revenues that may be allocated pursuant to Sections 33670 and 33670.5 for the duration of the project area.*
- (3) A projection of the amount of tax revenues that would have been allocated to each school district, county office of education, and community college district for the duration of the project area, but for the allocation of tax revenues pursuant to Sections 33670 and 33670.5.*
- (4) A projection of the amount of tax revenues that may be allocated to each school district, county office of education, and community college district pursuant to Sections 33401, 33607.5, 33607.7, and 33676 for the duration of the project area.*

Section 33328.1(b) states the following:

(b) When the redevelopment agency transmits the map of the project area pursuant to Section 33327, the agency shall also prepare and deliver to the Department of Finance, in the form and manner prescribed by the department, a report that includes all of the following:

- (1) A projection of any change in the number of residents, including, but not limited to, the number of school age children, within the project area for the duration of the project area.*
- (2) A projection prepared by each school district, county office of education, and community college district within the project area of any change in the need for school facilities within the project area for the duration of the project area.*

CRL Section 33492.20 provides that the 33328 Report for a closed military base redevelopment plan need only be as complete as the information then available permits.

B. Analysis

On August 21, 2009, pursuant to Section 33327, TIDA staff transmitted to County officials, affected taxing entities, and the SBE the statement of plan preparation, the legal description and a

boundary map of the proposed Project Area. TIDA also transmitted the materials required for the 33328.1(b) report at this time. This documentation is included in Appendix I.

TIDA advised the San Francisco Controller, State Board of Equalization and affected taxing entities that the base year assessment roll for the Project Area would be FY 2010/11, but requested the FY 2009/10 assessment roll information be sent on an interim basis in order to be able to proceed with the Redevelopment Plan adoption process. The Preliminary Report used the FY 2009/10 value of \$8,409,899 as the estimated base year value for the Project Area, which consists entirely of taxable value from possessory interest in publicly owned property. The tax increment projections for this Report to Board use the FY 2010/11 assessed value of \$10,309,743, as published in the 33328 Report.

1. Report of the County Fiscal Officer (33328 Report)

The City and County of San Francisco Office of the Controller (Controller), the County Fiscal Officer, issued a 33328 Report for the Project Area on January 26, 2011. The 33328 Report is included as Appendix I of this Report. The information is analyzed below, and has been incorporated into the tax increment projections contained in Chapter IV, Proposed Method of Financing and Feasibility, and in Appendix H, Tax Increment Projections. The report to DOF required pursuant to 33328.1(a) regarding taxes allocated to each school district, county office of education, and community college district has been included with the 33328 Report.

2. Total Assessed Value of Property in the Project Area

The base year used by the County Fiscal Officer for the Project Area is FY 2010/11. Tax increment projections included in this Report to Board use the FY 2010/11 assessed value of \$10,309,743 for the Project Area, as provided in the 33328 Report.

3. Identification of Affected Taxing Entities

As shown in the 33328 Report, the following taxing entities were identified as levying taxes in the Project Area:

- City and County of San Francisco
- San Francisco Unified School District
- San Francisco Community College District
- Bay Area Rapid Transit District
- Bay Area Air Quality Management District

4. Ad Valorem Tax Revenues Derived by Each Taxing Entity

The total ad valorem tax revenue to be derived by the affected taxing entities from all properties within the Project Area boundaries for FY 2010/11 is summarized in the 33328 Report. The 33328 Report also provides the tax distribution for each taxing entity. The FY 2010/11 property tax distribution within the Project Area is shown in Table XI-1.

Table XI-1
Base Year (FY 2010/11) Property Tax Distribution to the Affected Taxing Entities
Treasure Island/Yerba Buena Island Redevelopment Plan Adoption

Taxing Entity	Amount	% of Total
City and County of San Francisco	\$66,689	64.686%
San Francisco Unified School District	\$1,489	1.444%
San Francisco Community College District	\$7,937	7.699%
Bay Area Rapid Transit District	\$215	0.209%
Bay Area Air Quality Management District	\$652	0.632%
Educational Revenue Augmentation Fund ^a	\$26,115	25.331%
Total	\$103,097	100%

a. The Educational Revenue Augmentation Fund contribution for all entities that contribute is shown as a separate inc item as presented in the Report of the County Fiscal Officer.

Source: Report of the County Fiscal Officer.

The respective taxing entities will continue to receive their proportionate share of property tax revenues from the base year assessed values over the life of the tax increment receipt period. In addition, statutory pass-through payments required under CRL Section 33607.5 will provide the taxing entities with a share of the incremental growth in property tax revenues from the Project Area.

Chapter IV describes tax increment revenues and pass-through payments in more detail. Appendix H presents the tax increment projections.

5. Estimated First Year Taxes Available to TIDA

The 33328 Report estimates first year tax increment revenue available to TIDA at \$103,510. However, TIDA estimates that no tax increment revenue will be available in the first year, as minimal growth in assessed value is projected and no new development will occur during the first year.

6. Assessed Valuation of the Project Area from the Preceding Year

The 33328 Report indicates the preceding year's assessed valuation for the Project Area was \$9,152,182.

7. Taxing Entity Consultations

A summary of consultations with the affected taxing entities is included in Chapter XII of this Report.

XII. Summary of Consultations with Affected Taxing Entities

Sections 33328 and 33352(n) of the CRL require that prior to a public hearing on the Redevelopment Plan the redevelopment agency must consult with each taxing entity that levies taxes, or for which taxes are levied, on property in the Project Area. The Preliminary Report was transmitted to the taxing entities on December 15, 2010.

A. Statutory Requirements

Section 33328 states:

Prior to the publication of notice of the legislative body's public hearing on the plan, the agency shall consult with each taxing agency which levies taxes, or for which taxes are levied, on property in the project area with respect to the plan and to the allocation of taxes pursuant to Section 33670.

Section 33352(n) states:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(n) (1) An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.

(2) As used in this subdivision:

(A) "Mitigation measures" may include the amendment of the redevelopment plan with respect to the size or location of the project area, time duration, total amount of tax increment to be received by the agency, or the proposed use, size, density, or location of development to be assisted by the agency.

(B) "Mitigation measures" shall not include obligations to make payments to any affected taxing entity.

B. Taxing Entities Affected by the Redevelopment Plan

The following taxing entities are potentially affected by the Redevelopment Plan:

- City and County of San Francisco
- San Francisco Unified School District
- San Francisco Community College District
- Bay Area Rapid Transit District
- Bay Area Air Quality Management District

C. Communications with Affected Taxing Entities

On December 15, 2010, TIDA transmitted a copy of the Preliminary Report and draft Redevelopment Plan to the governing body of each affected taxing entity.¹ The Preliminary Report notified the taxing entities of TIDA's intent to use FY 2010/11 as the base year for the Redevelopment Plan.² A separate transmittal letter sent on January 21, 2011 notified the taxing entities of the opportunity to consult on the Redevelopment Plan at City Hall on February 17, 2011. TIDA anticipates sending the taxing entities a notice of both the TIDA Board and Board of Supervisors public hearings on the Redevelopment Plan in accordance with the requirements of the CRL.

Appendix O includes the notification of the taxing entity consultation meeting and documentation of transmittal of required materials to the affected taxing entities. A list of attendees at the taxing entity consultation, the materials provided at the meeting and comments received by TIDA at the meeting will be included in a supplement to this Report to Board.

¹ Per Section 33344.6 TIDA is required to send the Preliminary Report no later than 90 days before the date set for the public hearing of the legislative body on the Redevelopment Plan. The Board of Supervisors hearing is anticipated to be held in April 2011.

² The tax increment projections in the Preliminary Report utilized the FY 2009/10 assessed valuation as provided by the Controller, but assumed a base year of FY 2010/11. The tax increment projections in the Report to Board, as shown in Appendix H, have been updated to reflect the FY 2010/11 assessed valuation provided in the 33328 Report.

XIII. Neighborhood Impact Report

Section 33352(m) of the CRL requires that the report to the legislative body contain a Neighborhood Impact Report if the proposed project area contains low or moderate-income housing. This Chapter summarizes the potential impacts of the Redevelopment Plan on the Project Area. The Draft Environmental Impact Report for the Treasure Island/Yerba Buena Island Redevelopment Project (Draft EIR) is the source for the information related to potential environmental impacts included in this Chapter. The TIDA Board and the Planning Commission are anticipated to consider certification of the Final EIR in April 2011. The Draft EIR and other related project documents can be accessed at <http://www.sftreasureisland.org>.

The Draft EIR examined the potential effects associated with implementation of the Redevelopment Plan and Development Program. Actual development intensity may be lower, or may occur over a longer timeframe, than described in the Draft EIR. As stated in the Redevelopment Plan, property located within the Project Area shall be developed and used for uses that are consistent with the General Plan and the Design for Development, as they may be amended from time to time.¹

A. Statutory Requirements

Section 33352(m) states:

If the project area contains low- or moderate-income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of the project area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood. The neighborhood impact report shall also include all of the following:

- (1) The number of dwelling units housing persons and families of low or moderate income expected to be destroyed or removed from the low and moderate income housing market as part of a redevelopment project.*
- (2) The number of persons and families of low or moderate income expected to be displaced by the project.*
- (3) The general location of housing to be rehabilitated, developed, or constructed pursuant to Section 33413.*
- (4) The number of dwelling units housing persons and families of low or moderate income planned for construction or rehabilitation, other than replacement housing.*
- (5) The projected means of financing the proposed dwelling units for housing persons and families of low and moderate income planned for construction or rehabilitation.*
- (6) A projected timetable for meeting the plan's relocation, rehabilitation, and replacement housing objectives.*

¹ In order to implement the Redevelopment Program, the Planning Commission and Board of Supervisors will be asked to consider amendments to the General Plan, Planning Code and Zoning Map to ensure consistency between those documents and the Redevelopment Plan.

B. Analysis

The intent of the Redevelopment Plan is to alleviate blight that currently hinders revitalization of the Project Area. Redevelopment is also needed to assist with the transition of NSTI to civilian reuse, and integrate it into the economic, physical and social life of San Francisco. In order to realize the comprehensive redevelopment of the former military base, TIDA and the City will have to invest in blight alleviation, new housing, transportation improvements, and other activities that knit the new development together with the surrounding community.

As described in Chapter III, the primary component of the Redevelopment Plan is the Development Program. The Development Program consists of dense development, including office and commercial districts, community facilities and a substantial amount of housing at varying levels of intensity. This intensive development pattern is necessary to alleviate adverse physical and economic conditions, achieve sustainability goals, support the proposed transit and other transportation improvements, generate sufficient revenue, promote local economic development, ensure that other areas can be set aside for open space and recreation, and provide other public benefits. It is also needed to balance jobs, housing, retail, and other community needs, as well as to justify private sector participation in redevelopment of the military base.

Major transportation and other infrastructure investments must also be undertaken to connect new development to the surrounding community, including replacement of the westbound freeway on- and off-ramps on the east side of the Yerba Buena Island tunnel and the seismic upgrade of the viaduct connecting the Yerba Buena Island causeway to the Bay Bridge westbound ramps and to Hillcrest Road, both contemplated by the Ramps Project under consideration by the SFCTA and Caltrans. If implemented, the Ramps Project would be carried out separately and apart from the Development Program.

The Redevelopment Program is necessary to alleviate blighting conditions and constraints that inhibit the conversion of the former NSTI to civilian use. It also supports the integration of new development in the Project Area with the surrounding community, a critical component of the Redevelopment Program. The Redevelopment Program is organized into the following categories listed below:

- Property Acquisition and Site Preparation
- Economic Development and Building Rehabilitation
- Infrastructure Improvements
- Public Facilities, Amenities and Services
- Public transportation Improvements
- Other Development-Related Activities
- Affordable Housing Program

For a more detailed description of potential redevelopment activities, please refer to the Redevelopment Plan and Chapters III and IV of this Report to Board. The direct impact of Redevelopment Program activities will be to eliminate blight, improve transportation and circulation, expand public infrastructure, and successfully transition the former NSTI from military to civilian use.

3. Transportation, Traffic and Circulation

The transportation system serving the Project Area consists of a network of roadways, transit services, and bicycle and pedestrian facilities. The Draft EIR describes the current transportation network and summarizes the effects on the transportation and circulation system that would result from implementation of the Development Program. The impact analysis examines local and regional roadways, transit (including ferries), bicycle and pedestrian components, freight loading, and emergency vehicle access. The Draft EIR also presents mitigation measures that will reduce the identified impacts to the extent feasible. The existing and proposed transportation, traffic and circulation networks, potential impacts and mitigation measures identified to reduce the impacts are described in detail in Section IV.E of the Draft EIR.

a. Impacts on Road System

New development in the Project Area would result in increased traffic on local and regional roadways in San Francisco and Alameda County. This increased traffic would result in significant impacts to east and westbound on- and off-ramps of Yerba Buena Island (with and without the new ramps proposed by the Ramps Project), queuing at the Bay Bridge Toll Plaza, queuing on San Francisco streets approaching the Bay Bridge, and impacts on various street intersections in San Francisco. A detailed summary of potential impacts and identified mitigation measures is provided in Section IV.E of the Draft EIR.

b. Impacts on Transit

New development in the Project Area would generate increased demand for local and regional transit service. Additional transit service proposed by the Development Program or imposed as mitigation would increase transit frequency and capacity. The increased traffic on the local and regional roadways discussed above would cause congestion that could increase transit travel times, impacting both Muni bus service and AC Transit operations. A detailed summary of potential impacts and identified mitigation measures is provided in Section IV.E of the Draft EIR.

4. Other Environmental Impacts

Redevelopment activities will generate other potentially significant impacts to the environmental quality of the Project Area, including the following: impacts arising from increased noise levels; impacts to air quality, including contributions to greenhouse gas emissions; and impacts related to wind and shadow, biological resources, geology and soils, and hazards and hazardous materials. The Draft EIR analyzed these impacts and others that would result from the implementation of the Development Program, and identified mitigation measures that could reduce these impacts if feasible. Most of these potential impacts would be reduced to less than significant levels through the identified mitigation measures, but some significant, unavoidable impacts to environmental quality would also occur. Potential impacts to environmental quality and measures identified to mitigate these impacts are described in detail in the following Draft EIR sections:

- Section IV.F: Noise
- Section IV.G: Air Quality
- Section IV.H: Greenhouse Gas Emissions
- Section IV.I: Wind and Shadow

- Section IV.M: Biological Resources
- Section IV.N: Geology and Soils
- Section IV.P: Hazards and Hazardous Materials

a. Noise

The Draft EIR analyzed the effects of changes in noise on surrounding areas. Construction activities in the Project Area would result in increased noise levels above existing ambient conditions as well as expose persons and structures to excessive ground-borne vibration or ground-borne noise levels. Increased traffic and ferry service would also result in a substantial permanent increase in ambient noise levels in the project vicinity above existing ambient noise levels. A detailed summary of potential impacts and mitigation measures is provided in Section IV.F of the Draft EIR.

b. Air Quality

Construction associated with the Development Program would result in localized air quality impacts from construction dust. In addition, both construction and operation of the Development Program could result in violations of Bay Area Air Quality Management District (BAAQMD) air quality standards, or contribute significantly to an existing or projected air quality violation. Development Program operations could also expose sensitive receptors to substantial pollutant concentrations. A detailed summary of potential impacts and mitigation measures is provided in Section IV.G of the Draft EIR.

c. Greenhouse Gas Emissions

The Redevelopment Plan will create construction and development activities that could contribute to cumulative climate change effects by facilitating or directly increasing greenhouse gas (GHG) emissions. The analysis of GHG impacts in the Draft EIR uses the guidance and thresholds developed by BAAQMD, the local air quality regulatory agency with jurisdiction over the project site. To assess GHG impacts, BAAQMD developed a quantitative efficiency standard, which is expressed as a number of metric tons of GHG emissions per service population per year. BAAQMD developed this efficiency standard to represent the emissions below which the State and region can accommodate future growth and still meet the requirements and goals of Assembly Bill (AB) 32. BAAQMD's efficiency standard is scalable, and thus it is appropriate for larger-scale mixed-use projects that encourage high-density development such as the Development Program.

The Draft EIR quantified the number of metric tons of GHG emissions per service population per year that would be generated by the Development Program, and concluded that the emissions were less than the BAAQMD efficiency standard. A detailed discussion of this analysis and the impacts conclusions is provided in Section IV.H of the Draft EIR.

d. Wind and Shadow

The Draft EIR studied the effects of building design, height, location, and orientation that could result in wind hazards in the Project Area. New development in the Project Area would result in Section 148 wind hazard at publicly accessible locations. These impacts are considered significant and unavoidable. The Draft EIR also discloses the potential shadows that might be cast by the buildings to be built under the Redevelopment Plan on existing and (for informational

purposes only) the proposed future open spaces. The Draft EIR finds shadow impacts to be less than significant. A detailed summary of these impacts is provided in Section IV.I of the Draft EIR.

e. Biological Resources

Significant biological resources exist in the Project Area as well as in surrounding areas, including wildlife habitat, locally significant plants, special-status animals, and protected or special-status marine species. The Draft EIR identified potentially significant impacts to these resources, most of which will be reduced to less than significant levels through the mitigation programs identified in the Draft EIR. The preservation, conservation and restoration programs proposed as part of the Development Program, together with the mitigation measures identified in the Draft EIR, will serve to improve the environmental quality of the Project Area related to biological resources. Approximately 300 acres of open space is included in the proposed land use plan. A detailed summary of potential impacts and identified mitigation measures is provided in Section IV.M of the Draft EIR.

f. Geology and Soils

The Project Area is located in a region of high seismic activity and subject to strong ground motion generated on several active regional faults, namely the Hayward, Calaveras, San Andreas, Rodgers Creek, Concord-Green Valley, and Marsh Creek-Greenville faults.

Geologic conditions vary greatly between Treasure Island and Yerba Buena Island. Treasure Island is relatively flat, created through the placement of fill; Yerba Buena Island is a natural island with upland areas with steep slopes. The geotechnical improvements that are part of the Development Program, together with the mitigation measures identified in the Draft EIR, reduce the potential geological impacts to less than significant levels. A detailed summary of potential impacts and mitigation measures is provided in Section IV.N of the Draft EIR.

g. Hazards and Hazardous Materials

The Project Area contains numerous sites related to former military base uses where hazardous materials were generated, stored, handled, and/or treated. Most of these sites are being remediated by the Navy in conjunction with its responsibilities under the Base Closure and Realignment Act. However, many buildings on the site may contain other hazardous materials, such as asbestos, lead-based paint (LBP) and polychlorinated biphenyls (PCBs) that are not being remediated by the Navy. The Development Program includes projects and activities related to clean up of hazardous materials on the former military base.

The Development Program activities to remediate hazardous materials on the former military base would improve environmental quality by achieving cleanup levels necessary under applicable regulations to support the proposed Development Program and would benefit the surrounding residential community. A detailed summary of potential impacts and mitigation measures is provided in Section IV.P of the Draft EIR.

5. Community Facilities and Public Services

The Development Program proposes many new community facilities and public services that would benefit the City. New and improved schools, libraries, parks and open space, public utility systems, police and fire protection facilities, and community/cultural centers would be constructed as part of the overall Development Program.

a. Community Facilities

The Development Program proposes new community facilities, including the following:

- New joint police/fire station on Treasure Island.
- Facilities to support on-island operations and maintenance activities for parks and open space, as well as utilities and infrastructure providers.
- A public K-8 elementary school.
- Community recreation opportunities throughout the Project Area.
- Community parks, open space, greenways, and public gathering spaces.
- Pedestrian and bicycle pathways, museums and interpretive learning centers, live music and performing arts areas, restaurants and night clubs, sports fields and athletic facilities, and entertainment and retail space.
- Storm water treatment wetlands area in the northern portion of Treasure Island, which will attract visitors and serve as a wildlife habitat, as well as function as a retention and treatment facility for storm water runoff.

The proposed new and improved community facilities and services would provide benefits for City residents, and would also be sufficient to meet the increased demand for services anticipated by the development intensity proposed under the Redevelopment Plan. The existing and proposed community facilities and services, as well as potential impacts associated with these facilities are described in detail in Sections IV.J and IV.L of the Draft EIR.

b. Public Utility Systems

The Redevelopment Plan proposes new and/or upgraded public utility systems, including water supply, wastewater, and storm water management systems, as well as electricity, natural gas and telecommunications systems. The proposed new and/or upgraded systems would improve the quality of service for existing residents, and would be sufficient to meet the anticipated increase in demand for these services. The existing and proposed utilities networks, as well as potential impacts associated with these networks, are described in detail in Section IV.K of the Draft EIR.

c. Police and Fire Protection Services

Implementation of the Redevelopment Plan would result in an increase in demand for police, fire protection and emergency services, which may result in the need for new or physically altered facilities in order to maintain acceptable service ratios, response times, or other performance objectives for police and fire protection. The Development Program provides for the construction of facilities necessary to support this increased demand for police, fire protection and emergency services, as established in coordination with the responsible City agencies. A detailed summary of potential impacts is provided in Section IV.L of the Draft EIR.

6. School Population and Quality of Education

The San Francisco Unified School District (SFUSD) oversees the public school system in the City and County of San Francisco. The SFUSD operates a total of 141 schools, including 37 preschools and 104 schools serving grade levels K-5, K-8 and 9-12. Over the past decade, student enrollment has slowly declined by approximately 0.1 percent annually.²

Implementation of the Redevelopment Plan would result in population growth that would contribute to an increase in the number of students served by the SFUSD. Based on the proposed increase in housing units and the projected population growth, the Draft EIR estimates the increase in school population attributable to implementation of the Redevelopment Plan at approximately 1,695 students in grades pre-K–12, as described in Section IV.L of the Draft EIR.

SFUSD schools are funded via property tax revenue, state general aid and school apportionments, and federal subventions. The SFUSD also collects developer fee revenues that can be used for constructing new schools and supporting efforts to complete capital improvement projects. The State-mandated school impact fee levied on new development varies from school district to school district, depending on the current documented capacity and enrollment. Within the SFUSD, the current school impact fee ranges from \$0.09 per square foot to \$2.24 per square foot, depending on the development type. Development within the Project Area will be required to pay the State-mandated school impact fees to the extent approved by the school district. Therefore, the impacts of the Redevelopment Plan on schools would be considered less than significant.

The Senate Bill (SB) 50 program (SB 50, 1998) instituted a new school facility program by which school districts can apply for State construction and modernization funds. This program determines eligibility for State funds based on measures of school facility capacity, enrollment, and age of existing structures, and allocates funds to a specific school project. The SB 50 program requires a local contribution of funds unless certain hardship conditions exist and is funded by voter-approved State general obligation bonds.

Capital investment for public schools for grades K–12 would generally be financed by both the State and SFUSD. In this case, the Development Program includes sufficient project-generated funding for the rehabilitation and possible expansion of the existing (but closed) elementary school on Treasure Island into a K-8 school. The Development Program includes several sources of funding, including school impact fees, pass-through payments (as described in Chapter IV) and a direct contribution that can be used to finance the school in conjunction with other sources as needed. Operating costs associated with public schools would be the responsibility of SFUSD.

Based on the provisions contained in the Redevelopment Plan and the City General Plan with regard to providing for new school facilities, and the additional funding sources made available by tax increment, the anticipated increase in school population will be accommodated and no negative effects to quality of education in the area are anticipated.

7. Effect on Property Assessments and Taxes

Adoption of the Redevelopment Plan itself would not result in any change in normal property tax rates or any new or increased property tax assessments payable by any property owner in the

² Draft EIR, p. IV.L.20.

Project Area. Chapter IV of this Report provides an overview of the tax increment financing process proposed by TIDA to fund the Redevelopment Program described in Chapter III. Under this process, all entities currently collecting property tax revenues would continue to receive the base year levels of revenue from the Project Area at a constant annual rate during the redevelopment period. Any additional revenues generated by new development in the Project Area would be used to pay for the Redevelopment Program and to make the required pass-through payments to affected taxing entities, as described in Chapter IV. Affected taxing entities would continue to receive annual increases in property tax revenue from other portions of their tax rate areas lying outside of the geographic boundaries of the Project Area.

Without redevelopment, the existing publicly-owned closed military base will not be successfully converted to civilian use and integrated into the City, and the Project Area will continue to suffer from adverse physical and economic conditions that will continue to inhibit new investment and growth in property values. Since the redevelopment activities are expressly designed to alleviate these conditions and encourage economic growth, it is reasonable to conclude that a significant portion (if not all) of the projected growth in property values would be attributed to redevelopment. The affected taxing entities will benefit from increases in property tax revenues resulting from a revitalized and redeveloped Project Area that otherwise would not be generated if not for the adoption of the Redevelopment Plan and allocation of tax increment financing to the Project Area, and ultimately, the implementation of the Development Program.

Although the adoption of the Redevelopment Plan in and of itself would not result in increased property taxes or assessments, implementation of the Development Program requires substantial investment in infrastructure in order to create development opportunities. In addition to tax increment funds, TIDA expects to create a community facilities district (CFD) that will result in special tax liens on the property to fund infrastructure and other improvements in the Project Area.

8. Other Matters Affecting the Physical and Social Quality of the Neighborhood

Other matters affecting the physical and social quality of the surrounding community include anticipated population and employment growth, potential impacts to the general aesthetics of the Project Area and land-use planning activities. Land use planning and anticipated population and employment growth, as well as potential impacts to aesthetics and identified measures to mitigate impacts, are described in detail in the following Draft EIR sections:

- Section IV.A: Land Use and Land Use Planning
- Section IV.B: Aesthetics
- Section IV.C: Population and Housing

a. Land Use Planning

Implementation of the Redevelopment Plan will provide opportunities for the City to enhance its residential character, stimulate private investment and promote economic development. All activities undertaken by TIDA, including all development activities facilitated by adoption of the Redevelopment Plan, must be consistent with the goals and policies of the Tidelands Trust (where applicable), Conversion Act and Redevelopment Plan.

The Draft EIR identified three areas that could have a potentially significant impact related to land use and land use planning. These include conflicts with applicable land use plans, policy, or regulation of an agency with jurisdiction over the project; physical divisions of an established community; or impacts upon the existing character of the vicinity.

The Draft EIR concluded that these land use and land use planning impacts are less than significant. A detailed summary of these potential impacts is provided in Section IV.A of the Draft EIR.

b. Aesthetics

The Draft EIR describes the existing visual setting and summarizes the effects on visual resources that would result from implementation of the Redevelopment Plan. Development as outlined under the Redevelopment Plan will result in significant impacts to certain identified scenic vistas of San Francisco and San Francisco Bay. No feasible mitigation was identified to avoid these impacts. A detailed summary of these potential impacts is provided in Section IV.B of the Draft EIR.

c. Population and Housing

The Redevelopment Plan is expected to stimulate population and employment growth in the Project Area and surrounding community. ABAG projects that the population of San Francisco will grow by approximately 113,900 (14 percent) between 2010 and 2030 in a region that is anticipated to grow at an even faster rate.³

The Redevelopment Plan would accommodate projected population increases and help meet housing demands in the City by providing up to 8,000 new housing units. Development in the Project Area would assist in meeting the existing and future housing needs of the City, including up to approximately 2,400 affordable housing units.

In addition, the site is located within existing urban service limits and is well located to connect to city and regional infrastructure. As a result, the Redevelopment Plan would accommodate new growth in a sustainable manner consistent with a regional planning goal of providing dense urban infill development with a balance of jobs and housing. This provision for transit-oriented, mixed-use growth is consistent with the goals and policies of AB 32 and Senate Bill (SB) 375 regarding land use, housing and transportation. The Project Area has also been designated as a Priority Development Area by the Association of Bay Area Governments.

Based on the above considerations, the population and employment growth impacts are less than significant. A detailed summary of these impacts is provided in Section IV.C of the Draft EIR.

d. Cultural and Paleontological Resources

The Draft EIR describes the existing cultural resources and historic properties in the Project Area, and summarizes the effects on cultural resources that would result from implementation of the Redevelopment Plan. These include alterations or new construction within the Project Area that

³ Draft EIR, p. IV.C.2

could impair the significance of historical structures. The Draft EIR found that demolition of the Damage Control Trainer (also known as the *U.S.S. Buttercup*) would impair the significance of an historical resource, and that no feasible mitigation measures were available to reduce the impact to less than significant. The Draft EIR also identified mitigation measures that will reduce the impacts on all other historic resources and paleontological resources to a level below significance. Such mitigation measures include compliance with a protocol for any paleontological resources discovered during construction, and compliance with the Secretary of the Interior's Standards for Historic Rehabilitation in connection with the rehabilitation of historic structures. A detailed summary of potential impacts and mitigation measures is provided in Section IV.D of the Draft EIR.

9. Summary

Overall, adoption of the Redevelopment Plan and implementation of the Development Program will have a beneficial impact upon the residents, property owners and businesses in the Project Area. While some significant, unavoidable impacts would occur as a result of implementation of the Redevelopment Plan, it would allow TIDA to successfully convert the former military base into a mixed-use development that will be beneficial to the City and the region.

Implementation of the Development Program will bring about coordinated growth and development, making the Project Area more attractive to business and investment. Commercial development projects will alleviate economic blighting conditions, stimulate the local economy and increase employment opportunities. The Development Program will also greatly expand housing opportunities in the City. The Redevelopment Plan anticipates up to approximately 8,000 new housing units, including up to approximately 2,400 housing units affordable to low and moderate-income households. This new housing will help meet the housing need in the City and the region.

New roads, infrastructure, transit, schools, community facilities, recreation and open space opportunities, public services, and affordable housing will be made available through the Development Program. These improvements will benefit existing and future residents in the Project Area, and will have an overall positive impact on the Project Area and the City.

C. Relocation and Low or Moderate-Income Housing

Adoption of the Redevelopment Plan will result in an increase of funds available for the development of affordable housing in the Project Area. TIDA will deposit at least 20 percent of gross tax increment derived from the Project Area into the Low and Moderate Income Housing Fund (Housing Fund) in order to enhance the development, rehabilitation and preservation of housing affordable to qualifying households. In addition, the DDA that will implement the Development Program is expected to generate land and substantial funding for affordable housing that otherwise would not be generated absent the adoption of the Redevelopment Plan and allocation of tax increment to the Project Area. The following sections address the specific requirements in CRL Section 33352(m) related to affordable and replacement housing.

1. Removal or Destruction of Low or Moderate-Income Housing

If TIDA activities were to result in the destruction or removal of dwelling units occupied by low or moderate-income persons or families, TIDA would be required to construct, develop or rehabilitate, or cause the construction, development or rehabilitation of replacement units affordable to low and moderate-income households. Replacement housing units must be constructed within four years of the destruction or removal of the original units, must be of the same size (number of bedrooms) or larger, and must be available at affordable housing cost to, and occupied by, persons in the same or lower income category as the persons displaced from those destroyed or removed units.⁴ The units must remain affordable for the longest feasible time, but not less than 55 years for rental units and 45 years for ownership units, as set forth in Section 33334.3 of the CRL.

Implementation of the Development Program would result in the removal of approximately 805 existing habitable housing units (Existing Units) in the Project Area, including 555 market rate units at The Villages at Treasure Island subleased by TIDA and 250 supportive rental units for formerly-homeless individuals and families operated by TIHDI. TIDA conducted interviews in late 2009 with residents of the Existing Units to obtain gross household income data. Based on the income information provided by residents in these interviews, TIDA determined its replacement housing obligation is 607 units, or 1,757 bedrooms, as 607 (75 percent) of the 805 Existing Units were then occupied by households of very low, lower, and moderate income. For additional information related to replacement housing, refer to the Replacement Housing Plan included in this Report to Board as Appendix K.

2. General Location of Replacement Housing Units

TIDA anticipates that all replacement housing will be constructed on residential parcels within the Project Area. See Appendix K for additional information.

3. Number and Location of Non-Replacement Affordable Housing Units

The CRL requires that at least 15 percent of all new or substantially rehabilitated housing units developed by non-TIDA developers within a project area must be affordable to and occupied by very-low, low and moderate-income households. Thirty percent of the approximately 8,000 new housing units to be constructed in the Project Area over the life of the Redevelopment Plan will be affordable, exceeding the 15 percent production obligation. All of these new affordable housing units, including both replacement and non-replacement units, will be developed within the Project Area.⁵ TIDA's Five Year Implementation Plan (Appendix J) provides a more detailed discussion of the specific affordable housing developments that TIDA intends to support from

⁴ Per CRL Section 33413(f), the units may be replaced with fewer units if an equal or greater number of bedrooms are provided, and the replacement units are affordable to the same income level of households as the destroyed or removed units. For example, two four-bedroom units affordable to low-income households may be replaced with four two-bedroom units affordable to low-income households.

⁵ Based on TIDA's 2009 interviews of existing households, 607 units containing 1,757 bedrooms would be replaced. Per CRL Section 33413(f), the units may be replaced with fewer units if an equal or greater number of bedrooms are provided, and the replacement units are affordable to the same income level of households as the destroyed or removed units. TIDA does not know the precise number of replacement housing units that will be constructed at this time because the future bedroom mix of units has not yet been specified.

Indirect impacts of the Redevelopment Program include increased population, noise, traffic, and vehicle emissions. These potential impacts, and the mitigation measures identified to reduce these impacts, were analyzed in the Draft EIR for the Redevelopment Plan and Development Program, and are summarized in the sections below.

1. Summary of EIR Findings

The EIR serves as the principal background reference document for environmental impact and mitigation information for decision makers during deliberations pertaining to the Redevelopment Plan and subsequent project approvals. The EIR evaluates the environmental impacts resulting from the implementation of the Redevelopment Plan at a project-level of detail, and examines all phases of the construction and operation of the Development Program, as well as the direct, indirect and cumulative impacts that might result. It identifies mitigation measures that could minimize or eliminate significant adverse impacts. The EIR will also identify and evaluate a reasonable range of alternatives to the proposed Development Program.

Each discretionary approval related to the implementation of the Development Program is anticipated to rely on the Final EIR, and thus would not require subsequent environmental documentation unless required pursuant to the standards for subsequent environmental review set forth in CEQA (Public Resources Code Section 21166) and the CEQA Guidelines (Sections 15162 through 15164).

The Draft EIR examined the potential impacts associated with implementation of the Redevelopment Plan, and identified many impacts that are considered potentially significant but will be made less than significant through implementation of mitigation measures. However, the Draft EIR also identified several significant, unavoidable impacts for which either feasible mitigation was not available, or that will remain significant despite identified mitigation measures to reduce those impacts, as described in this Chapter.

Overall, implementation of the Redevelopment Plan will benefit the residents, property owners and businesses in the Project Area and surrounding community. While some significant, unavoidable impacts would occur, implementation of the Redevelopment Plan would allow TIDA to successfully convert the former NSTI into a mixed-use development that will be beneficial to the City and the region.

2. Relocation

TIDA has established a method and plan for relocation of displaced persons, as described in Chapter VI of this Report to Board. In conjunction with the DDA, TIDA will also adopt Transition Housing Rules and Regulations that will provide those households currently residing in the Project Area, and who continue to reside in the Project Area until they receive a notice to move, with the opportunity to stay in the Project Area or accept other benefits as described in the Transition Housing Rules and Regulations. The Method and Plan for Relocation (included in Chapter VI) addresses relocation related to the Redevelopment Plan and is incorporated by reference herein.

FY 2010/11 through FY 2015/16, as well as discussion of the CRL affordable housing production obligation.

4. Financing Method for Construction or Rehabilitation of Affordable Housing Units

TIDA intends to use the Housing Fund, other project-generated housing subsidies, and other state and federal funding sources for affordable housing to finance the development of housing units affordable to low and moderate-income households, as described in Chapter III and Appendix J of this Report. TIDA anticipates that the Housing Fund combined with these other funding sources would provide sufficient funds to meet the CRL affordable housing production requirements and replace any affordable housing units removed or destroyed in the Project Area.

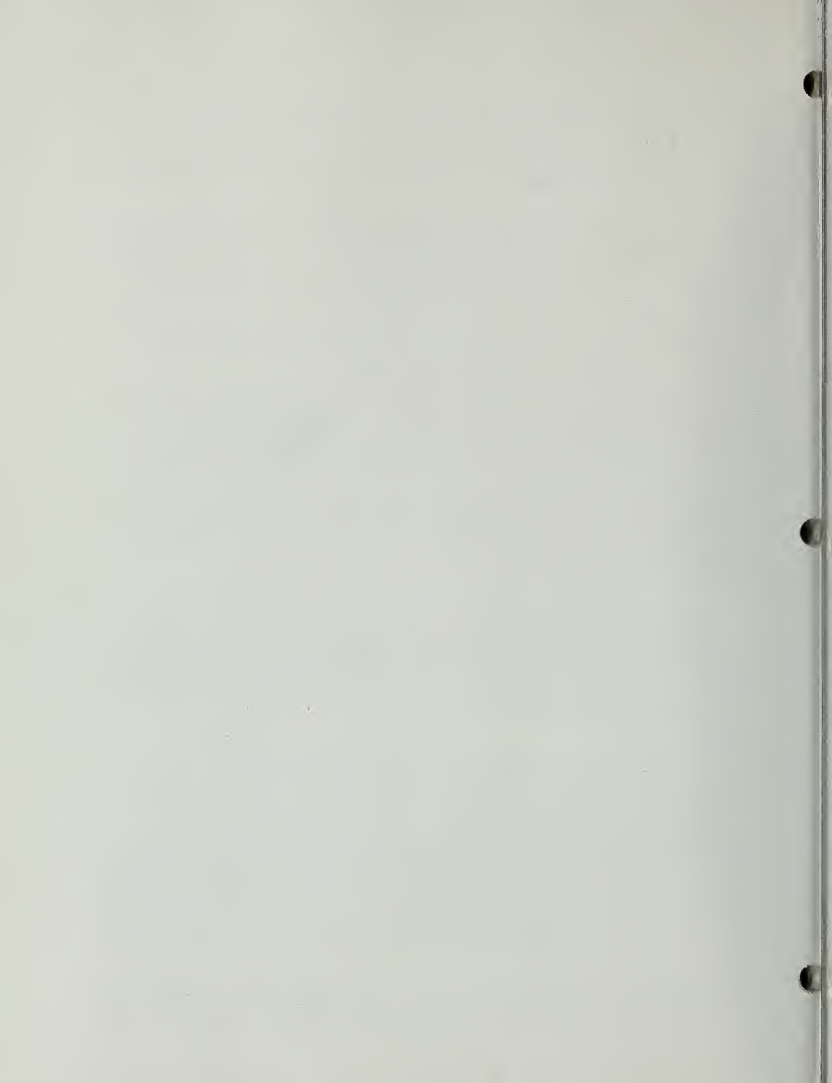
5. Method and Plan for the Relocation of Low or Moderate-Income Households Expected to Be Displaced

As discussed in Chapter VI of this Report to Board, although no existing persons residing on NSTI will be considered "displaced persons," TIDA has established for the Project Area a method and plan for relocation in the event that, over the course of implementation of the Redevelopment Plan, there were to be "displaced persons" in the Project Area.⁶ The relocation plan complies with CRL Section 33367(d)(7), requiring that a redevelopment agency have a feasible relocation method or plan if the agency's plans for redevelopment would result in the displacement of any low- or moderate-income persons residing in a project area. If future TIDA activities resulted in the displacement of persons in the Project Area, TIDA would provide relocation assistance and make relocation payments in accordance with the requirements of the CRL and all applicable laws.

6. Timetable for Provision of Relocation and Replacement Housing

TIDA will replace each dwelling unit, as required by the CRL, within four years after it is destroyed or removed. If future TIDA activities were to result in the destruction or removal of additional dwelling units occupied by low or moderate-income persons or families, TIDA will meet all statutory time requirements for relocation benefits and assistance, and for replacement housing, as described in Chapter VI of this Report.

⁶ All residential occupants currently living in the Project Area moved to the Project Area after TIDA acquired a leasehold interest, and as a result are "post-acquisition tenants." Post-acquisition tenants are not considered displaced persons and are not entitled to statutory relocation benefits. However, the Board of Supervisors adopted a resolution endorsing the Development Plan and Term Sheet, and recommending that TIDA provide all existing households on the Islands with certain benefits. In accordance with that BOS Resolution, TIDA will adopt Transition Housing Rules and Regulations in conjunction with the Disposition and Development Agreement. Transitioning Households, as that term is defined in the Transition Housing Rules and Regulations, will be offered the opportunity to move to alternate housing in the Project Area even though Transitioning Households are not displaced persons entitled to statutory relocation benefits..









TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS,
2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFTREASUREISLAND.ORG

DRAFT Minutes of Meeting
Treasure Island Development Authority
March 9, 2011

Room 400, City Hall
1 Dr. Carlton B. Goodlett Place

Mirian Saez, Director of Island Operations
Peter Summerville, Commission Secretary

GOVERNMENT
DOCUMENTS DEPT

MAY - 9 2011

SAN FRANCISCO
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1. Call to Order

2:00 P.M.

Present

Claudine Cheng, *President*
Larry Del Carlo
Mark Dunlop
John Elberling, *Chief Financial Officer*
Linda Richardson
Jean-Paul Samaha, *Secretary/Vice-President*

Excused

Larry Mazzola, Jr.
Supervisor Jane Kim, *Ex-Officio*

2. General Public Comment

Ms. Wilhelmina Parker, Treasure Island Job Corps, provided an update on Job Corps activities and invited the Authority Board to its next community stakeholder meeting.

3a. Director's Report

Ms. Saez provided a report on Island and staff activities over the past month. Discussed recent public-safety efforts on-Island, including efforts of Southern Station and the SFPD Fugitive Recovery Team, which have resulted in a dramatic decrease in on-Island crime in the past month, particularly a decrease in burglaries. Discussed recent meeting with the Treasure Island Museum Association and TIMA's presentation for strategic planning for the future museum. TIMA will provide a report to the Authority Board in June. Discussed staff efforts with the Navy to establish a plan for TIDA stewardship of the non-Navy items of the Treasure Island Museum Collection. Discussed the staff response to Director Dunlop's recent inquiry for more information regarding on-Island Authority Board meetings. Discussed Quality of Life issues including the commencement of an on-Island Neighborhood Emergency Response Team (NERT) class hosted at Job Corps; opening of Oasis Restaurant pizza delivery on-Island out of

the former Nimitz Officers Club building; and recent filming and Special Event activity on-Island.

There was no Public Comment on the Director's Report.

3b. Report by Office of Economic & Workforce Development

Mr. Rich Hillis, Office of Economic and Workforce Development, reported on OEWD staff efforts.

There was no Public Comment on the Report by Office of Economic and Workforce Development.

3c. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (CAB)

Karen Knowles-Pearce, Chair of the TI/YBI Citizen Advisory Board (CAB), reported on the recent meeting of the CAB.

There was no Public Comment on the Citizen Advisory Board report.

4. Communications

There was no discussion of the Communications by Directors.

There was no Public Comment on the Communications.

5. Ongoing Business by Directors

No on-going business was discussed by Directors.

There was no Public Comment on the item.

6. Consent Agenda

There was no Public Comment on the Consent Agenda.

Director Richardson motioned for approval.

Director Dunlop seconded the motion.

The item was approved unanimously.

7. Informational Presentation on Proposed Budget for Fiscal Year 2011 - 2012

Ms. Mirian Saez, Director of Island Operations, discussed the proposed FY 2011-2010 budget. In this years budget, on the revenue side there are decreases expected due to loss of commercial leasing revenue at lay down space on-Island and decrease in Special Events revenue and Yerba Buena Island banner space due to the economy. Expenditures remain consistent due to encumbered City Work Orders, reimbursement of redevelopment costs. Two major changes in next year's budget are the consolidation of the redevelopment and operations budgets to reflect the proposed Disposition and Development Agreement and Economic Development Conveyance agreements; second change is streamlining of the accounting division into the General Services Agency due to recent loss of staff. Discussed housing revenue and commercial leasing revenue projections. Discussed total project staff expenditures; administrative expenses; professional and

specialized service expenditures; redevelopment expenditures and City work orders including for the Public Utilities Commission, Department of Public Works, General Services Agency. Stated that this budget will be back before the Board for approval at the next Special Meeting.

There was no Public Comment on this item.

8. Treasure Island/Yerba Buena Island Redevelopment Project Entitlements and Transaction Documents Presentation.

Mr. Michael Tymoff, Office of Economic and Workforce Development, introduced Peter Albert of the San Francisco Municipal Transportation Authority.

Mr. Peter Albert, San Francisco Municipal Transportation Authority, provided a presentation on the Treasure Island draft Transportation Implementation Plan. Discussed the planning assumptions, the EIR travel estimates and data, the transportation program within the plan and the implementation framework for the transportation plan.

Mr. Rich Hillis, Office of Economic and Workforce Development, presented the Draft Disposition and Development Agreement, including the Schedule of Performance. Discussed key elements and terms of the Agreement document including phasing, schedule of performance, remedies to TIDA for developer failure to perform, security, insurance requirements and processes for sale and ground lease of parcels. Discussed transfer rights, major phases in the schedule of performance, community facility phasing and financial obligations within the schedule of performance.

There was no Public Comment on this item.

9. Resolution Approving and Conditionally Adopting the Report to the Board of Supervisors on the Proposed Redevelopment Plan for the Treasure Island/Yerba Buena Island Redevelopment Project, Submitting Said Report and Proposed Redevelopment Plan to the Board of Supervisors and Consenting to a Joint Public Hearing with Planning Commission on the Proposed Redevelopment Plan

Mr. Michael Tymoff, Office of Economic and Workforce Development, presented the Proposed Redevelopment Plan for the Treasure Island/Yerba Buena Island Redevelopment Project. Adoption of such a Plan Document is required under California Redevelopment Law, grants TIDA land-use authority and contemplates the development program, land use plan and other projects in the project area. The Report to the Board of Supervisors includes comprehensive information, analyses and evidence to consider when determining whether to adopt the Redevelopment Plan. This document also includes elements including justifications and explanations for the need for redevelopment within the Project Area, plan for relocation of families and those temporarily displaced from housing facilities as a result of the Plan, and recommendations of the City and County of San Francisco Planning Commission. Upon Authority Board approval, this report will be submitted to the San Francisco Board of Supervisors for introduction and consideration.

There was no Public Comment on the item.

Director Dunlop motioned for approval.
Director Richardson seconded the motion.
The item was approved unanimously.

10. Discussion of Future Agenda Items by Directors

There was no discussion of Future Agenda Items by Directors.

11. Possible Closed Session for Conference with Real Property Negotiators

There was no Public Comment on the possible Closed Session.

Director Samaha motioned to move to Closed Session.

Director Richardson seconded the motion.

The Board moved to Closed Session at 3:55 PM.

Closed Session Attendees:

Mirian Saez, Director of Island Operations

Peter Summerville, Commission Secretary

Rich Hillis, Office of Economic and Workforce Development

Michael Tymoff, Office of Economic and Workforce Development

Alicia Cabrera, Office of the City Attorney

Eileen Malley, Office of the City Attorney

The Authority Board re-convened in Open Session at 4:17 PM.

Director Elberling motioned not to disclose the Closed Session.

Director Dunlop seconded the motion.

The Board unanimously approved not to disclose the Closed Session.

12. Meeting was adjourned at 4:18 PM.



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DRAFT Minutes of Meeting
Treasure Island Development Authority
March 9, 2011

Room 400, City Hall
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Mirian Saez, Director of Island Operations
Peter Summerville, Commission Secretary

GOVERNMENT
DOCUMENTS DEPT

MAY - 9 2011

SAN FRANCISCO
PUBLIC LIBRARY

1. Call to Order

2:00 P.M.

Present

Claudine Cheng, *President*
Larry Del Carlo
Mark Dunlop
John Elberling, *Chief Financial Officer*
Linda Richardson
Jean-Paul Samaha, *Secretary/Vice-President*

Excused

Larry Mazzola, Jr.
Supervisor Jane Kim, *Ex-Officio*

2. General Public Comment

Ms. Wilhelmina Parker, Treasure Island Job Corps, provided an update on Job Corps activities and invited the Authority Board to its next community stakeholder meeting.

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the former Nimitz Officers Club building; and recent filming and Special Event activity on-Island.

There was no Public Comment on the Director's Report.

3b. Report by Office of Economic & Workforce Development

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There was no Public Comment on the Report by Office of Economic and Workforce Development.

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Karen Knowles-Pearce, Chair of the TI/YBI Citizen Advisory Board (CAB), reported on the recent meeting of the CAB.

There was no Public Comment on the Citizen Advisory Board report.

4. Communications

There was no discussion of the Communications by Directors.

There was no Public Comment on the Communications.

5. Ongoing Business by Directors

No on-going business was discussed by Directors.

There was no Public Comment on the item.

6. Consent Agenda

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Director Richardson motioned for approval.

Director Dunlop seconded the motion.

The item was approved unanimously.

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There was no Public Comment on the item.

Director Dunlop motioned for approval.
Director Richardson seconded the motion.
The item was approved unanimously.

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Director Elberling motioned not to disclose the Closed Session.

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